

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Ingham County	County Ingham
Audit Date December 31, 2004	Opinion Date August 12, 2005	Date Accountant Report Submitted to State: August 31, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

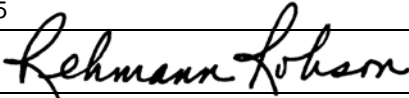
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).	X		

Certified Public Accountant (Firm Name) REHMANN ROBSON GERALD J. DESLOOVER, CPA			
Street Address 5800 GRATIOT, PO BOX 2025	City SAGINAW	State MI	Zip 48605
Accountant Signature 			

INGHAM COUNTY, MICHIGAN



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**

INGHAM COUNTY, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004

Board of Commissioners:

Victor G. Celentino, Chairperson
Debbie De Leon, Vice-Chairperson
Randy Schafer, Vice-Chairperson Pro Tem

Lisa Dedden
Mark Grebner
Curtis Hertel, Jr.
Dianne Holman
Calvin Lynch
Thomas L. Minter
John A. Nevin
Andy Schor
Michael Severino
Mary Stid
Chris Swope
Marc Thomas
Tina Weatherwax-Grant

Prepared by:

Financial Services Division

Controller:

Gerald W. Ambrose

Independent Auditors:

Rehmann Robson

INTRODUCTORY SECTION

INGHAM COUNTY, MICHIGAN
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2004

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August 12, 2005

To the Board of Commissioners and the Citizens of Ingham County:

Transmitted herein is Ingham County's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2004. Ingham County's financial reporting requirements are mandated by Michigan Act 2 of the Public Acts of 1968, as amended. This Act requires that Ingham County issue an annual financial report, and that this report be audited by certified public accountants.

This report consists of management's representations concerning the finances of Ingham County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Ingham County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, our framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Ingham County's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Ingham County for the fiscal year ended December 31, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Ingham County's financial statements for the fiscal year ended December 31, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The auditors' report related specifically to the single audit is not included in this document, but is issued under separate cover.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Ingham County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF INGHAM COUNTY GOVERNMENT

Ingham County, 576 miles square and with a current population of approximately 280,000, is located in the south-central portion of Michigan's Lower Peninsula. The County is a focal point for Michigan's highway system, with major highways providing easy access to and from Detroit, Grand Rapids, Flint, Kalamazoo, and Ann Arbor. Commercial air service is provided from Lansing, and there is a network of rail freight service as well as Amtrak. The City of Lansing, located in the northwest corner, is the County's major population and retail center and the State Capital.

Ingham County is governed by a sixteen-member Board of Commissioners. Each Commissioner is elected on a partisan basis for terms of two years from single-member districts that are approximately equal in population. The Board annually elects from its ranks a Chairperson, Vice Chairperson and Vice Chairperson Pro Tem by majority vote. The administration of the County, other than as delegated to elected officials, is guided by the County Controller who is appointed by a two-thirds vote of the Board of Commissioners and serves at its pleasure. Primary functions of the Board include determination of the type and level of County services, adoption of the County Budget, equalization of County property values, legislative oversight of County services and the appointment of various boards, commissions and County officials.

Judges of the 30th Judicial Circuit and the Probate Court are elected at large for six-year terms, while the Judges of the 55th District Court are elected from the area of the County outside of Lansing and East Lansing. (Lansing and East Lansing both have their own district courts.) Operation of the court system is under the auspices of the Michigan Supreme Court and the respective presiding Judges, while the County government primarily provides financial support.

Administration of the County is divided by the Michigan Constitution among various statutory County officials, including the County Treasurer, County Clerk, Register of Deeds, Prosecuting Attorney, Drain Commissioner and Sheriff, who are elected at-large for four-year terms. The County Treasurer is the custodian of all funds, administers the collection of delinquent property taxes, and performs other duties concerned with interrelated fiscal affairs of County departments and agencies. The duties of the County Clerk include keeping and maintaining records of births, deaths, marriages and discharges of military personnel, and serving as Clerk of the Board of Commissioners. The duties of the Register of Deeds include the recording of deeds, mortgages, surveys, plats, notices of liens and bills of sales. The Prosecuting Attorney prosecutes violations of State criminal law within the County and may represent the County in appropriate Courts. The County Drain Commissioner administers the location, construction and maintenance of drains in the County. The Sheriff's duties involve the charge and custody of the County Jail, the serving of processes and primary law enforcement response in areas of the County without local police functions.

In addition, the Board of Commissioners appoints several County officials, including the Controller, Health Officer, Medical Examiner, Equalization Director and Animal Control Director with responsibilities as defined by statute, County ordinance or resolution. The Controller's responsibilities include direction of central administrative functions of the County government and acting as a liaison on behalf of the Board of Commissioners between County offices, appointed officials and the general public. The Health Officer directs the operation of the County Health Department in accordance with Board of Commissioner's directions and as authorized by State law. The Medical Examiner serves as the Medical Director of the Health Department as well as performing the statutory duties of Medical Examiner. The Equalization Director oversees the equalization process of the County as prescribed by law. The Animal Control Director enforces appropriate State law and the Ingham County Animal Control Ordinance with respect to insuring the public safety in animal-related matters.

The Board of Commissioners also appoints various boards and commissions to oversee specific County services and to advise the Board on certain matters of interest. Appointments to boards overseeing specific County functions include the Family Independence Agency Board, the Board of County Road Commissioners, the Board of Park Trustees, the Capital Area District Library Board, the Economic Development Corporation Board, the Ingham Medical Center Board of Trustees and the Housing Commission. Appointments to advisory committees include the Women's Commission, the Equal Opportunity Commission, the Youth Commission, and the Board of Health. Finally, the Board also appoints representatives to regional bodies overseeing programs in the areas of airport operations, aging, manpower training, planning and substance abuse.

The business of the County is carried out on a daily basis by some 1,500 employees located on several different campuses throughout the County. Primary locations are downtown Lansing, south Lansing, and Mason, the County seat.

County government provides a diverse array of services in the areas of human services, law enforcement, justice administration, recreation, education, elections, and record keeping. In any one day, hundreds of people access County services:

- They may be utilizing one of the many public health, sanitation or disease control services provided by the Health Department, the support services of County Veteran Affairs, or the residential services of the Medical Care Facility or the Ingham County Housing Commission. They may be utilizing one of the many other human service programs supported by County funds in Mental Health, Substance Abuse, Aging, Special Transportation, or Youth Violence Prevention.
- They may be utilizing the services of the County Prosecutor, County Sheriff, or the Courts, or anticipating the arrival of the law enforcement, fire, or emergency medical personnel dispatched by County-supported 911 Centers.
- They may be obtaining birth, death, tax or property information from the Offices of the County Clerk, Treasurer, or Register of Deeds; participating in elections; or getting assistance in drainage-related problems from the Drain Commissioner.
- They may be attending educational events sponsored by Cooperative Extension, enjoying one of the many County Parks, or visiting the County Fairgrounds.

Ingham County, through Board Resolution, has adopted a policy on financial reserves. The purpose of the policy is to maintain financial reserves appropriate to providing for the stable operation of the county government; to assure that the County's financial obligations financial obligations will be met; and to assure continuation of a strong credit rating. Reserves addressed in the policy are the general fund, the Budget Stabilization Fund and the Public Improvement Fund.

The County's goal for the general fund is an unreserved undesignated fund balance of at least 5% of the general fund expenses of the preceding year. The goal for the Budget Stabilization Fund is to maintain the legal maximum balance of 15% of the average of the last five years' budget or 15% of the current year's budget, whichever is less, but not less than 13%. The goal for the Public Improvement Fund is to maintain sufficient reserves to address annual needs for maintaining county facilities in an appropriate state of repair. The Public Improvement Fund desired level of funding was set at 1/10 mill of the property tax levy. The County Controller provides an annual status report to the Finance Committee and provides recommendations for maintaining the balances at appropriate levels.

Ingham County's strategic plan provides the foundation for budgetary decisions by establishing a vision, mission and long-range objectives. In addition to the strategic plan, the Board of Commissioners adopts a resolution each year which sets priorities for the development of the budget. The principles in the resolution are consistent with the objectives in the strategic plan, but detail specific priorities which reflect current issues.

The priorities identified by the Board of Commissioners over the past several years have consistently included expanding access to health care; expanding recreational opportunities; and increasing the continuum of sanctions and placements for youth and adults. Other priorities have included encouraging the participation of youth in county government, assuring an appropriate level of services to victims of domestic violence and sexual assault, exploring ways to expand and improve services for seniors, improving the overall jury selection system, exploring more equitable ways of governing and financing the Capital Region Airport, and examining the implications of regional land use on the region's future. Through its discussions and actions, each new Board of Commissioners will determine what priorities it wishes to continue and what new ones to establish.

The County maintains real-time budgetary controls using an integrated financial management software package. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Board of Commissioners. Activities of the general, special revenue and debt service funds are included in the annual appropriated budget. A five-year financial plan is adopted for the capital project funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amounts) is established by defined cost categories within an activity or individual fund. Budgetary transfers are permitted in accordance with Board-adopted budget policies. The County also maintains an encumbrance accounting system as one of its techniques of accomplishing budgetary control. Encumbered amounts lapse at year-end; however, they generally are reappropriated as part of the following year's budget.

FACTORS AFFECTING FINANCIAL CONDITION

Local economy. In addition to the State Capital, the County is also the home of Michigan State University and General Motors Corporation's has a significant presence. General Motors has phased out its Oldsmobile line with the last Oldsmobile rolling out of Lansing Car Assembly in April 2004. While the Lansing Car Assembly Plant will eventually be closed, a new Cadillac plant was opened in Lansing in 2001, and the Lansing Regional Stamping Plant was opened in nearby Delta Township in 2003. Another GM assembly plant is expected to open in the Lansing area in 2006.

Ingham County is also the site of several large industrial firms, two major hospital organizations and several other educational institutions. Also of economic importance is agriculture, including dairy, livestock and general farming.

Manufacturing, government, education and health care occupations represent the major employment sources. The triad of Michigan State University, General Motors Corporation and State government has served as a catalyst to give the area a well-educated, well-trained and highly skilled manufacturing work force.

The stable and diverse economic base has made Ingham County an attractive employment and consumer market. Unemployment rates have been consistently below State averages, resident wealth levels are above regional norms for counties, and the labor force is bolstered by a sizeable student population with the presence of Michigan State University.

The tax base has grown steadily over the past several years. Property values for the County are estimated at \$17 billion based on the 2004 County Equalization Report. The values of real property increased by 7.6% while the value of personal property increased by 2.02%. The total estimated Atrue cash value≡ translates to a state equalized value of \$8.5 billion. The total change in equalized value was 7.19%.

A 1994 amendment to the Michigan Constitution limits increases in the Ataxable value≡ of most property to the lower of the rate of inflation or 5% until the property is sold. Upon sale, the taxable value is set to equal the equalized value. The 2004 taxable value (2005 budget year) was \$6.5 billion after adjustments for taxable

value captured by tax increment financing and downtown development authorities. This is a 5.5% increase over the 2003 adjusted taxable value.

In October 2004, new legislation was passed to gradually move up property tax collections from the winter to the summer over the next three years. The legislation also provided for the creation of a special revenue fund to temporarily replace state revenue sharing. With state revenue sharing declining over the past several years, this legislation provides a short term resolution to the budgetary conflict between the state and local governments.

In spite of significant financial challenges associated with a weak economy, and declining state tax revenues, Ingham County continues to provide a high quality of services to its 280,000 residents. Services are provided by dedicated elected and appointed officials and employees in the areas of health and human services, law enforcement and justice administration, recreation, elections, and record keeping. Over the past several years, the Board of Commissioners has strived to maintain all county services at an acceptable level, but has placed particular importance on providing uninsured residents with access to health care; expanding recreational opportunities; and improving the adult and juvenile justice systems.

Goals and Accomplishments.

- The *Ingham County Advantage* (ICA) health insurance program was introduced in June 2004. This is a subsidized health insurance product for small businesses with low-wage employees. Using county, state and federal funds, the county-sponsored Ingham Health Plan Corporation will subsidize approximately one-third of the cost of the premium, with the other two-thirds to be paid by the employer and/or the employee. ICA will compliment the *Ingham Health Plan*, which provides nearly half of the county's 30,000 uninsured residents with access to primary health care.
- Recreational opportunities for county residents have been expanded with the addition of a community built playground at Hawk Island Park. Community donations provided most of the \$125,000 needed for materials, and volunteer labor accomplished the construction.
- Efforts to connect recreational areas in the county by pedestrian and non-motorized trails have begun with efforts to obtain easements from affected property owners. Many of the easements necessary for the first phase of this project – constructing a trail connecting the County's Lake Lansing parks to the Lansing River Trail and ultimately to Hawk Island – have been obtained. Applications for state grants to construct this phase have been filed, and County officials are hopeful that this portion of the trail can be completed within the next few years.
- In November 2002, voters approved a 5-year 6/10 mill special property tax millage for the treatment and detention of delinquent and disturbed youth. The proceeds of this millage (\$3.6 million in 2004) has stabilized and expanded programming for delinquent juveniles in Ingham County while other parts of the county government have been faced with program reductions and hiring freezes.
- Access to health and human services agencies was enhanced with the start-up of the Capital Area Human Services Connection/2-1-1 System. The project was coordinated by the Capital Area United Way with the support of Ingham County and other local units of government, non-profit organizations and foundations. A seven-digit referral and information phone line is currently in operation pending approval of 2-1-1 designation.
- Public Safety will be enhanced when a major upgrade to the 911 Emergency Telephone Answering and Dispatch System is complete. Police, fire and other emergency responders in all areas of the county will have significantly improved communication with the 911 Dispatch Centers and with each other. Implementation of the new \$12 million UHF 400 MHz system is being overseen by the County's 911 Advisory Committee, and funded from the proceeds of the 911 special millage. The project is targeted to be complete in early 2005.

- The Board of Commissioners has directed that efforts be taken to explore an alternate funding mechanism for the delivery of primary law enforcement and paramedic services by the Sheriff's Office to rural areas of the County.
- Efforts continue to expand the governance and funding base of the Capital Region Airport Authority into Clinton and Eaton counties. The airport generates some 7,400 jobs paying \$239 million in wages and generating \$652 million in sales. Over 40% of the jobs, wages, and sales are in Clinton and Eaton counties.
- Replacement of the County's financial software was initiated in October 2004. The general ledger and accounts payable modules were implemented first with the balance of the financial modules implemented in January 2005. The new payroll software was implemented in April 2005. Data conversion, verification, and training in the new software absorbed considerable resources and staff time during the 2004 fiscal year.
- Several labor contracts due to expire in 2004 were extended for another year, and letters of agreement implementing measurable changes to the health insurance program were approved. Contract negotiations with law enforcement, corrections officers, and parks employees were delayed due to changes in representation.

Cash management. Ingham County has been consistently conservative in its cash management. It is the policy of the County Treasurer to invest first for safety of the principal and second to maximize interest earnings. Because only a small portion of the County's portfolio can be covered by FDIC insurance, it is essential to continually evaluate the quality of the instruments purchased and the financial stability of the banks and other financial institutions with which investments are placed. Types of investments vary throughout the year depending on the County's cash flow requirements and the condition of the financial market. Typical investments include demand deposits, cash management mutual funds, certificates of deposit, U.S. Government securities, bankers' acceptances of United States banks, and high-quality commercial paper.

During 2004, interest rates varied within a range of 2.51% to 1.33%. We estimate that each one-quarter point change in the interest rates equates to an \$80,000 change in County interest revenue. The average cash pool yield during 2004 was 2.06%. This interest rate is 34 basis points lower than the 2003 average yield.

Risk management. The County is self-insured for unemployment compensation and assumes a significant portion of the risk for workers' compensation, dental, vision, and general liability coverages. As part of the County's comprehensive risk management plan, resources are accumulated in internal service funds and reserves are on deposit with the Michigan Municipal Risk Management Authority (MMRMA) to meet potential losses. MMRMA, which is a governmental risk pool, provides \$15 million in liability coverage on an occurrence basis with a \$150,000 self-insured retention per liability claim, a \$16,000 retention for each vehicle claim, and a 10% retention on the first \$100,000 of property loss after a \$1,000 deductible.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Ingham County for its comprehensive annual financial report (CAFR) for the year ended December 31, 2003. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

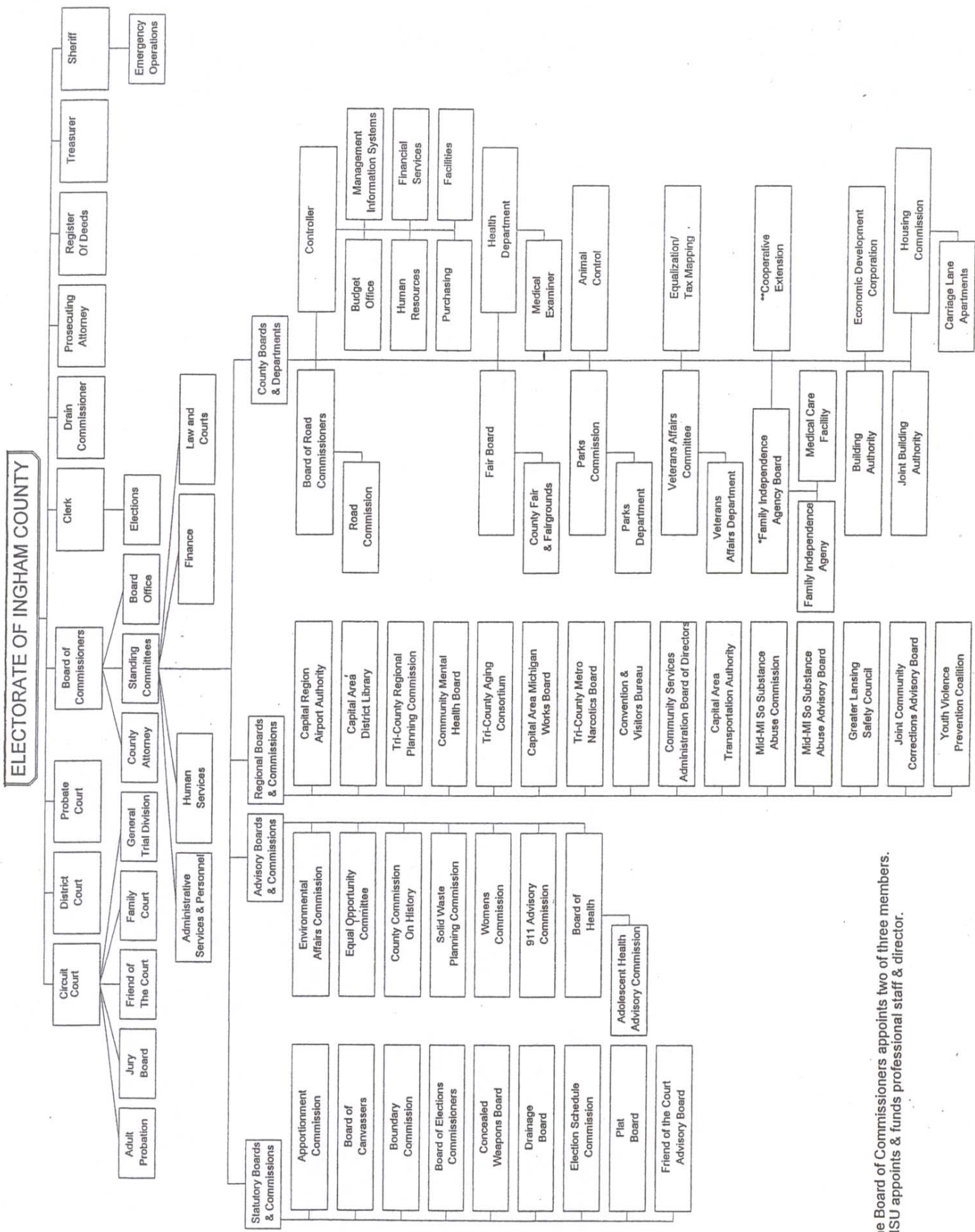
In addition, Ingham County also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the fiscal year beginning January 1, 2003. In order to qualify for the Distinguished Budget Presentation Award, the budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization.

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Financial Services Division of the Controller's Office, the various other County departments, and the elected and appointed officials. My appreciation is extended to all those who assisted and contributed in the preparation of this report. I would also like to thank the Ingham County Board of Commissioners for their continued interest and support in planning and conducting the financial operations of Ingham County in a responsible and progressive manner.

Respectfully yours,

A handwritten signature in blue ink, appearing to read "Gerald W. Ambrose".

Gerald W. Ambrose
Controller



* The Board of Commissioners appoints two of three members.
 ** MSU appoints & funds professional staff & director.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Ingham County,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



INDEPENDENT AUDITORS' REPORT

August 12, 2005

To the Board of Commissioners
of Ingham County
Mason, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **INGHAM COUNTY, MICHIGAN**, as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ingham County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Ingham County, Michigan**, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-13 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2005, on our consideration of **Ingham County, Michigan's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters, in a separately issued single audit report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ingham County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION and ANALYSIS

MANAGEMENT'S DISCUSSION and ANALYSIS

As management of Ingham County we offer readers of Ingham County's financial statements this narrative overview and analysis of the financial activities of Ingham County for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv-x of this report.

FINANCIAL HIGHLIGHTS

- * The assets of Ingham County exceeded its liabilities at the close of the most recent fiscal year by almost \$103 million (*net assets*). Of this amount, \$57.8 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors. Governmental activities contain \$51.1 million of the unrestricted net assets. The Medical Care Facility and the Delinquent Tax Revolving Fund contain most of the business-type unrestricted net assets.
- * The County governmental activities showed an increase of almost \$10.5 million in total net assets. Almost all of the increase is applicable to the impact of the new Revenue Sharing Reserve Fund.
- * At the close of 2004, Ingham County's governmental funds (this includes the general fund, special revenue, debt service and capital projects funds) reported combined ending fund balances of \$49.1 million. Of the total amount, \$45.6 million, is *available for spending* at the County's discretion (*unreserved fund balance*).
- * At the end of the fiscal year, unreserved undesignated *fund* balance for the general fund was \$6.7 million or 9.8 percent of total general fund expenditures and transfers out. Total fund balance for the general fund was \$12.2 million.
- * Ingham County's total debt increased by \$2.9 million. The key factor in this increase was the decision not to pay down the 2004 short term tax notes. The tax notes were issued at a favorable rate as compared to subsequent market interest rates. These notes were paid off in 2005.

OVERVIEW of the FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Ingham County basic financial statements. The Ingham County basic financial statements contain three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Ingham County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Ingham County's assets and liabilities. The difference between assets and liabilities is reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Ingham County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Ingham County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Ingham County include general government, public safety, judicial, public works, health, welfare, education, economic development, and culture and recreation. The business-type activities of Ingham County include a Medical Care Facility that provides long-term skilled nursing care, and the Delinquent Tax Revolving Fund.

The government-wide financial statements include not only Ingham County itself, but also a legally separate Road Commission, a legally separate Drain Commission, and a legally separate Economic Development Corporation for which Ingham County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The Ingham County Building Authority, Housing Commission, Medical Care Facility, and Fair Board, although also legally separate, function for all practical purposes as departments of Ingham County, and therefore have been included as integral parts of the primary government.

The government-wide financial statements can be found on pages 14-15 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Ingham County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Ingham County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Ingham County maintains 34 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the Health Department, Emergency Telephone Fund, and the Revenue Sharing Reserve Fund which are considered to be major funds. Data from the other 30 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Ingham County adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the major governmental funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16-23 of this report.

Proprietary funds. Ingham County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Ingham County uses 12 enterprise funds to account for its business-type activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Ingham County's various functions. Ingham County uses internal service funds to account for its equipment, employee fringe benefits, liability and workers' compensation insurances, and its management information systems. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Medical Care Facility, the Delinquent Tax Revolving Fund and the Refunding Sanitary Sewer Project Numbers 3 & 4 Fund, which are considered to be major funds of Ingham County. Data from the other 9 enterprise funds are combined into a single aggregated presentation. Detailed financial information for each of the nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Ingham County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on page 27 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-61 of this report.

County-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following schedule is a summary presentation of Ingham County's assets, liabilities, and net assets at December 31, 2004. The schedule shows the County's assets exceeded liabilities by almost \$103 million at the close of the most recent fiscal year.

Ingham County's Net Assets

	Governmental Activities		Business-type activities		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Current and other assets	\$ 113,588,314	\$ 113,429,689	\$ 37,865,064	\$ 30,200,041	\$ 151,453,378	\$ 143,629,730
Capital assets	55,067,035	55,794,229	8,356,847	8,724,962	63,423,882	64,519,191
Total assets	168,655,349	169,223,918	46,221,911	38,925,003	214,877,260	208,148,921
Long-term liabilities outstanding	33,749,338	35,227,354	21,227,488	15,999,547	54,976,826	51,226,901
Other liabilities	55,605,743	65,183,437	1,311,625	890,411	56,917,368	66,073,848
Total liabilities	89,355,081	100,410,791	22,539,113	16,889,958	111,894,194	117,300,749
Net assets:						
Investment in capital assets, net of related debt	26,340,217	28,837,642	8,356,847	8,704,962	34,697,064	37,542,604
Restricted	1,883,063	2,386,621	8,588,272	7,707,260	10,471,335	10,093,881
Unrestricted	51,076,988	42,588,864	6,737,679	5,622,823	57,814,667	48,211,687
Total net assets	\$ 79,300,268	\$ 68,813,127	\$ 23,682,798	\$ 22,035,045	\$ 102,983,066	\$ 90,848,172

Ingham County has an investment of \$34.7 million in capital assets. This represents 33.7 percent of total net assets. Our investment in capital assets (e.g., land, buildings, machinery, and equipment) is shown less any related debt used to acquire those assets that is still outstanding. Ingham County uses these capital assets to provide service to citizens; consequently, these assets are **not** available for future spending. Although Ingham County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The net investment in capital assets increased by \$2.8 million. The County added \$4.2 million to capital assets. The \$5.2 million reduction caused by the depreciation expense was offset by a \$3.2 million decrease in related debt.

An additional portion of Ingham County's net assets \$10.5 million (10.2 percent) represents resources that are subject to external restrictions on how they may be used. Ingham County's *unrestricted net assets*, \$57.8 million are the largest portion (56.1 percent) of total net assets. These assets may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the 2004 fiscal year, Ingham County is able to report positive balances in all three net asset categories (invested in capital assets-net of related debt, restricted and unrestricted) both for the government as a whole, as well as for its separate governmental and business-type activities.

Ingham County's Changes in Net Assets

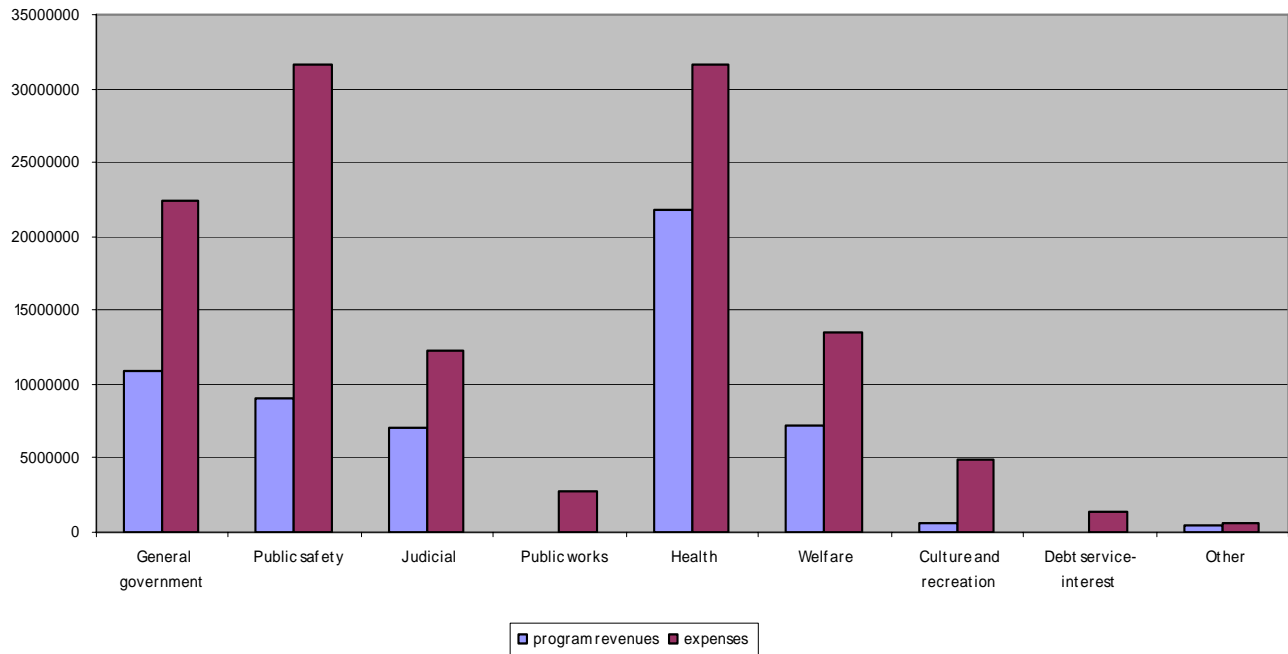
	Governmental activities		Business-type Activities		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003 Restated</u>	<u>2004</u>	<u>2003 Restated</u>
Revenue:						
Program revenue:						
Charges for services	\$ 27,149,153	\$ 29,467,655	\$18,825,542	\$17,790,165	\$ 45,974,695	\$ 47,257,820
Operating grants and contributions	29,908,797	26,660,744	8,079,156	16,885,295	37,987,953	43,546,039
General revenues:						
Property taxes	65,738,371	49,357,398	-	-	65,738,371	49,357,398
Other	6,612,700	8,286,625	341,645	201,995	6,954,345	8,488,620
Total revenue	129,409,021	113,772,422	27,246,343	34,877,455	156,655,364	148,649,877
Expenses:						
General government	22,459,229	19,992,310	-	-	22,459,229	19,992,310
Public safety	31,662,100	28,557,837	-	-	31,662,100	28,557,837
Judicial	12,242,955	11,610,610	-	-	12,242,955	11,610,610
Public works	2,739,401	2,768,290	-	-	2,739,401	2,768,290
Health	31,652,086	32,910,886	-	-	31,652,086	32,910,886
Welfare	13,472,066	11,443,963	-	-	13,472,066	11,443,963
Education	71,805	80,221	-	-	71,805	80,221
Economic development	526,534	320,648	-	-	526,534	320,648
Culture and recreation	4,865,445	4,687,303	-	-	4,865,445	4,687,303
Debt service-interest	1,431,216	1,501,310	-	-	1,431,216	1,501,310
Medical Care Facilities	-	-	20,349,234	28,792,235	20,349,234	28,792,235
Delinquent tax revolving	-	-	221,668	235,072	221,668	235,072
Refunding sanitary sewer project	-	-	280,469	313,504	280,469	313,504
Other business-type	-	-	2,775,860	3,128,231	2,775,860	3,128,231
Total expenses	121,122,837	113,873,378	23,627,231	32,469,042	144,750,068	146,342,419
Increase (decrease) in net assets before transfers	8,286,184	(100,956)	3,619,112	2,408,413	11,905,296	2,307,457
Transfers	2,200,958	1,641,468	(1,901,359)	(1,959,103)	299,599	(317,635)
Increase in net assets	10,487,412	1,540,512	1,717,753	449,310	12,204,895	1,989,822
Net assets - beginning of year	68,813,126	67,272,614	21,965,045	21,515,735	90,778,171	88,788,349
Net assets - end of year	\$79,300,268	\$68,813,126	\$23,682,798	\$21,965,045	\$102,983,066	\$90,778,171

The County's net assets increased by \$12.2 million during the reporting period. Governmental activities contributed \$10.5 million while business-type activities contributed \$1.7 million.

Governmental activities. The entire increase in net assets from governmental activities is because of accelerated revenue recognition associated with the new Revenue Sharing Reserve Fund. Public Act 357 of 2004 required the County to establish the fund and place one-third of the 2004 property tax levy in the fund. The fund was established to provide a funding mechanism to serve as a substitute for state revenue sharing.

On a pro-forma basis (without the increase in net assets from the Revenue Sharing Reserve Fund) governmental activities would have decreased net assets by \$1.2 million. Spending decisions were finalized for the Emergency Telephone Fund and the Juvenile Justice Millage in 2004 resulting in a significant increase in related expenditures.

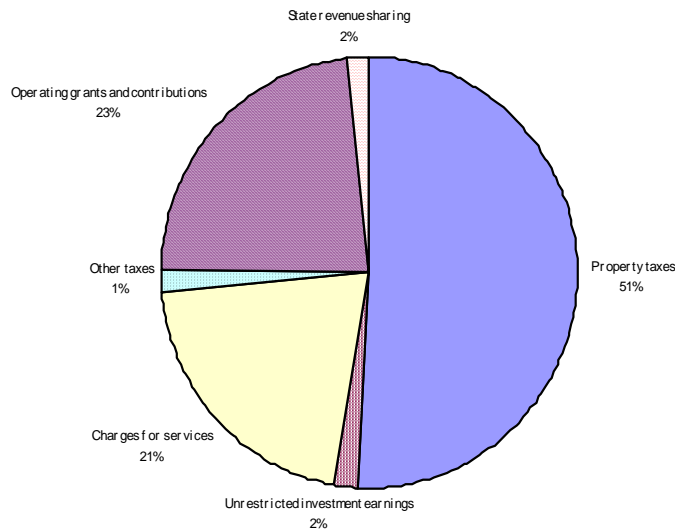
Program Revenues and Expenses - Governmental Activities



An analysis of the governmental activities' revenues and expenses shows a \$16.4 million increase (33.2 percent) in property taxes. \$13.8 million of this increase is from the Revenue Sharing Reserve Fund. The balance of the increase is a result of increased taxable values and growth. Charges for services decreased by \$2.3 million while operating grants increased by \$3.2 million. Some charges for services that were collected by the health department are now being processed through a third party administrator. The increase in operating grants were related to health and child welfare.

General Government expenses increased by \$2.5 million. Most of this increase was in the Public Improvement Fund for upgrades to the court facilities and the implementation of a county-wide energy efficiency study and upgrade. Public safety expenses increased by \$3.1 million reflecting progress payments on a new county-wide emergency telephone system.

Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased Ingham County's net assets by \$1.7 million. Before transfers, business-type activities generated a \$3.6 million increase in net assets. The Delinquent Tax Revolving Fund traditionally transfers almost all of its annual earnings to the General Fund. The Medical Care Facility is the recipient of the Business-type operating grants. The grant is a Medicaid proportionate share reimbursement distributed by the State of Michigan. The Medical Care Facility then transfers most of the funds to the Michigan Department of Human Services. In 2004, the Medical Care Facility netted nearly \$350,000 from this transaction

Transfers. A \$2 million transfer from the Delinquent Tax Revolving Fund to the general fund made up most of the transfer into the governmental activities. Transfers between the governmental and business-type activities are not equal because of timing differences between funds with different fiscal year ends.

Financial Analysis of the Government's Funds

As noted earlier Ingham County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Ingham County's *governmental funds* is to provide information on near-term inflows, and balances of spendable resources. Such information is useful in assessing Ingham County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, Ingham County's governmental funds reported combined ending fund balances of \$49.1 million, an increase of \$12.8 million in comparison with the prior year. Most of this total amount (\$45.6 million) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that is not available for new spending because it has already been committed 1) to pay debt services (\$56,569), 2) loaned to other funds or component units (\$1,911,789), or 3) for a variety of other restricted purpose (\$1,482,843).

The general fund is the chief operating fund of Ingham County. At the end of the fiscal year, the unreserved fund balance of the general fund was \$9.8 million, and the total fund balance was \$12.2 million. As a measure of the general fund's liquidity it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represent 14.2 percent of total general fund expenditures and transfers out, while total fund balance represents 17.7 percent of that same amount.

The fund balance of Ingham County's general fund increased by \$1.6 million during the fiscal year. Revenues increased by \$2.1 million while expenditures increased by \$2.9 million. A \$2 million increase in transfers in from the Revenue Sharing Reserve Fund more than offset the excess of expenditures over revenues. General fund transfers out were relatively unchanged.

Health Department revenues and expenditures declined proportionally with very little change in operating results. The County subsidy to the Health Fund increased by 2.1%.

The Emergency Telephone Fund is a major special revenue fund supported by a County tax millage, State grant revenues, and a telephone surcharge. The fund provides substantially all of the operational expenses of the Lansing and East Lansing dispatch centers. The need for an upgrade in the County emergency communication system was recognized several years ago. Emergency responders raised concerns about the need for more channels, the inability to communicate from some locations, and lack of common frequencies for fire service. The Ingham County Board of Commissioners created a 911 Advisory Board to guide the upgrade project. Early in 2003, the County Board of Commissioners approved the Advisory Board recommendation. An agreement was negotiated with MA-COM Inc to upgrade the County emergency communication system. The total contract price is \$9.6 million. The project was close to completion at the end of 2004.

As previously noted, the Revenue Sharing Reserve Fund is new in 2004. A change in state law created this fund and at the same time suspended state revenue sharing payments to local units of government. The impact of the law is to gradually move county general fund tax levies from December to July and to create a reserve fund to temporarily replace state revenue sharing payments. The Revenue Sharing Reserve Fund will be funded over a three year period with an amount equal to 100% of the County's December 2004 general fund property tax levy. The state will determine the annual distributions from the Revenue Sharing Reserve Fund based on the state's 2004 revenue sharing distribution. Once the reserve is exhausted, revenue sharing payments to the County will be restored. Based on the authorized 2005 distribution (\$5.3 million) the Revenue Sharing Reserve Fund will be exhausted in seven years.

Accordingly, one-third of the County's 2004 general fund tax levy (\$13.8 million) was recorded in the Revenue Sharing Reserve Fund and an amount equal to the balance of the 2004 state revenue sharing payments (\$2.1 million) was transferred to the general fund. The tax revenue set aside in the Revenue Sharing Reserve Fund will be replaced by an additional tax levy at one-third of the general fund tax rate in July 2005.

Proprietary funds. Ingham County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Delinquent Tax Revolving Fund ended 2004 with unrestricted net assets of \$3 million. The Medical Care Facility's unrestricted net assets were \$2.2 million. The Refunding Sanitary Sewer No. 3 & 4 Fund is reported as a major business-type fund because its liabilities exceed 10 percent of total proprietary fund liabilities and are more than 5 percent of total governmental and business type liabilities. Ingham County constructed and financed the sewer construction. The sewer system is leased back to the municipality. The lease payments are equal to the debt service requirements. State guidelines require reporting this transaction as a business-type activity. The fund balance of \$10,431 is prior interest revenue that will eventually reduce the lease payments. Other factors concerning the finances of these major business-type activities were addressed previously.

General Fund Budgetary Highlights

Significant changes to the original general fund budget included an increase in budgeted intergovernmental revenues (\$1.2 million) related to a federal block grant program and emergency operations. State revenue sharing payments were suspended in September at the end of the State's fiscal year. This accounts for most of the \$2.4 million shortfall in intergovernmental revenues. However, transfers in exceeded budget by \$2 million because of the transfer from the State Revenue Sharing Reserve Fund.

Proceeds from deferred asset were not included in the original budget. These in kind medical services, related to the 1993 sale of the County hospital, also account for most of the \$1.1 million increase in the public safety budget. Most of the medical services were used for prisoner care.

Budgeted transfers out were increased by \$1.8 million. The Health Fund required an additional operating subsidy and the amount available for transfer to the Public Improvements Fund was determined later in the fiscal year.

Capital Assets and Debt Administration

Capital assets. Ingham County's investment in capital assets for its governmental and business-type activities as of December 31, 2004, amounts to \$63.4 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, park facilities, buildings, improvements, and machinery and equipment. Ingham County's investment in capital assets decreased by \$1.1 million. Governmental activities accounted for two-thirds of the decrease and 87% of total assets. Construction in progress includes a jail renovation project (\$1.8 million) and the implementation cost of new fiscal and payroll software. The 2004 depreciation on governmental assets was \$4.6 million. The decrease in business-type capital assets was mostly due to depreciation expense.

INGHAM COUNTY'S Capital Assets

(Net of depreciation)

	<u>Governmental</u> <u>activities</u>	<u>Business-type</u> <u>activities</u>	<u>Total</u>
Land	\$ 4,809,611	\$ 464,990	\$ 5,274,601
Construction in progress	2,981,058	159,054	3,140,112
Buildings	41,772,875	7,442,156	49,215,031
Machinery and equipment	<u>5,503,491</u>	<u>290,647</u>	<u>5,794,138</u>
	<u>\$55,067,035</u>	<u>\$8,356,847</u>	<u>\$63,423,882</u>

Additional information on the Ingham County's capital assets can be found in note III.C on pages 42-44 of this report.

Long-term debt. At the end of the 2004 fiscal year, Ingham County had total general obligation debt of \$49.2 million. The entire amount is backed by the full faith and credit of the County.

INGHAM COUNTY'S Outstanding Debt General Obligation

	Governmental activities		Business-type activities		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
General obligation bonds	\$28,270,000	\$31,385,000	\$ 9,425,000	\$10,580,000	\$37,695,000	\$41,965,000
Delinquent tax notes	-	-	11,500,000	4,900,000	11,500,000	4,900,000
Total	\$28,270,000	\$31,385,000	\$20,925,000	\$15,480,000	\$49,195,000	\$46,865,000

Ingham County's bonded debt increased by \$2.3 million (5.0 percent) during the fiscal year. The delinquent tax notes, issued at a favorable rate, were not paid off as quickly as the notes issued in 2003.

Ingham County maintains a "AA" rating from Standard and Poor's for our general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for Ingham County is \$852 million, which is significantly in excess of Ingham County's outstanding general obligation debt.

Additional information on the Ingham County's long-term debt can be found in note III.G on pages 49-55 of this report.

Economic Factors and Next Year's Budgets

In order to maintain financial stability over the long term, the budgeting practice in Ingham County is to not only adopt a balanced budget as required by law, but to manage its budget in a manner such that actual expenses do not exceed actual revenues on an annual basis. This policy, along with a nearly fully funded Budget Stabilization Fund, has given Ingham County the reserves necessary to address difficult economic times without resort to a crisis-management approach. It has permitted the County Board to utilize its annual budget process as the primary vehicle to make decisions on the type and level of county services to be provided. When unexpected revenue losses or expenditure increases occur during the year, they are generally addressed through resort to short term expenditure reduction measures such as reductions in controllable expenses, hiring delays, and deferrals of capital expenditures.

As the economy has slowed, there have been financial impacts to the county. Although property tax revenues remain stable, programs that rely on state and federal grants have suffered financial losses as grant funding remains unchanged or is reduced. Despite revenue increases, expense reductions and additional revenue were still necessary in order to balance the 2005 budget. Some of the strategies were a two-month delay and not filling several vacant positions. Additional revenues were budgeted in the health fund in anticipation of receiving increased federal reimbursement and in the general fund from district court activities. Also, a limited amount of the fund balance will be used to fund one-time capital expenses.

Requests for Information

The financial report is designed to provide a general overview of the Ingham County's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the office of the Controller, Ingham County Courthouse, Mason MI 48854.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

INGHAM COUNTY, MICHIGAN
Statement of Net Assets
December 31, 2004

	PRIMARY GOVERNMENT			COMPONENT UNITS		
	Governmental	Business-type		Road	Economic	Drain
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Commission</u>	<u>Development</u>	<u>Commission</u>
ASSETS						
Cash and cash equivalents	\$ 47,655,108	\$ 11,785,082	\$ 59,440,190	\$ 1,945,195	\$ 3,771	\$ 5,475,543
Property taxes receivable	47,690,989	7,888,292	55,579,281	-	-	-
Special assessment receivable	-	-	-	-	-	16,802,570
Other receivables	11,929,722	11,866,429	23,796,151	2,397,860	-	1,223,331
Receivable from component unit	500	-	500	-	-	-
Internal balances	1,361,866	(1,155,054)	206,812	-	-	-
Other assets	4,572,629	26,477	4,599,106	696,924	-	19,399
Advances to component units	377,500	-	377,500	-	-	-
Restricted assets:						
Cash and cash equivalents	-	7,412,341	7,412,341	-	-	-
Intergovernmental receivable	-	41,497	41,497	-	-	-
Capital assets, net						
Assets not being depreciated	7,790,669	624,044	8,414,713	17,789,506	-	14,517,413
Assets being depreciated	47,276,366	7,732,803	55,009,169	62,209,024	-	16,917,965
Total assets	<u>168,655,349</u>	<u>46,221,911</u>	<u>214,877,260</u>	<u>85,038,509</u>	<u>3,771</u>	<u>54,956,221</u>
LIABILITIES						
LIABILITIES:						
Accounts payable and other current liabilities	11,909,032	942,650	12,851,682	563,601	-	1,221,488
Other accrued liabilities	2,358,432	300,215	2,658,647	-	-	109,688
Payable to primary government	-	-	-	-	-	500
Advances from primary government	-	-	-	-	-	377,500
Unearned revenue	41,338,279	68,760	41,407,039	-	-	17,062,360
Long-term liabilities						
Due within one year	3,871,744	12,987,488	16,859,232	807,037	-	4,874,671
Due in more than one year	29,877,594	8,240,000	38,117,594	453,914	-	14,441,128
Total liabilities	<u>89,355,081</u>	<u>22,539,113</u>	<u>111,894,194</u>	<u>1,824,552</u>	<u>-</u>	<u>38,087,335</u>
NET ASSETS						
Investment in capital assets net of related debt	26,340,217	8,356,847	34,697,064	79,542,590	-	12,144,682
Restricted for:						
Statutory delinquent tax administrative fee	-	520,120	520,120	-	-	-
Capital Improvements	324,039	7,347,261	7,671,300	-	-	-
Debt service	-	720,891	720,891	-	-	1,640,991
Primary and local roads	-	-	-	3,333,423	-	-
Various community projects	304,273	-	304,273	-	-	-
Other purposes	1,254,751	-	1,254,751	-	-	-
Unrestricted	51,076,988	6,737,679	57,814,667	337,944	3,771	3,083,213
Total net assets	<u>\$ 79,300,268</u>	<u>\$ 23,682,798</u>	<u>\$ 102,983,066</u>	<u>\$ 83,213,957</u>	<u>\$ 3,771</u>	<u>\$ 16,868,886</u>

The notes to the financial statements are an integral part of this statement.

INGHAM COUNTY, MICHIGAN
Statement of Activities
For the Year Ended December 31, 2004

				Net (Expense) Revenue and Changes in Net Assets					
<u>Expenses</u>	<u>Program Revenues</u>			<u>Primary Government</u>			<u>Component Units</u>		
	<u>Charges for Services and Other Program Revenues</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Road Commission</u>	<u>Economic Development</u>	<u>Drain Commission</u>
<u>FUNCTIONS/PROGRAMS</u>									
Primary government									
Governmental activities:									
General government	\$ 22,459,229	\$ 5,861,998	\$ 5,009,811	\$ -	\$ (11,587,420)	\$ (11,587,420)	\$ -	\$ -	\$ -
Public safety	31,662,100	7,361,382	1,770,042	-	(22,530,676)	(22,530,676)	-	-	-
Judicial	12,242,955	3,888,326	3,175,471	-	(5,179,158)	(5,179,158)	-	-	-
Public works	2,739,401	-	5,207	-	(2,734,194)	(2,734,194)	-	-	-
Health	31,652,086	9,280,882	12,504,101	-	(9,867,103)	(9,867,103)	-	-	-
Welfare	13,472,066	298,939	6,883,204	-	(6,289,923)	(6,289,923)	-	-	-
Education	71,805	32,230	33,712	-	(5,863)	(5,863)	-	-	-
Economic development	526,534	-	352,766	-	(173,768)	(173,768)	-	-	-
Culture and recreation	4,865,445	425,396	174,483	-	(4,265,566)	(4,265,566)	-	-	-
Debt service-interest	1,431,216	-	-	-	(1,431,216)	(1,431,216)	-	-	-
Total governmental activities	121,122,837	27,149,153	29,908,797	-	(64,064,887)	(64,064,887)	-	-	-
Business-type activities:									
Medical Care Facility	20,349,234	13,177,367	8,079,156	-	907,289	907,289	-	-	-
Delinquent tax collection	221,668	1,959,138	-	-	1,737,470	1,737,470	-	-	-
Refunding sanitary sewer project	280,469	280,469	-	-	-	-	-	-	-
Other	2,775,860	3,408,568	-	-	632,708	632,708	-	-	-
Total business-type activities	23,627,231	18,825,542	8,079,156	-	3,277,467	3,277,467	-	-	-
Total primary government	\$ 144,750,068	\$ 45,974,695	\$ 37,987,953	\$ -	\$ (64,064,887)	\$ (60,787,420)	\$ -	\$ -	\$ -
Component units									
Road Commission	\$ 15,159,090	\$ 4,403	\$ 17,771,425	\$ 1,276,547	\$ -	\$ -	\$ 3,893,285	\$ -	\$ -
Economic Development	-	-	-	-	-	-	-	-	-
Drain Commission	2,468,310	4,492,959	-	-	-	-	-	-	2,024,649
Total component units	\$ 17,627,400	\$ 4,497,362	\$ 17,771,425	\$ 1,276,547	\$ -	\$ -	\$ 3,893,285	\$ -	\$ 2,024,649
General revenues:									
Property taxes				65,738,371	-	65,738,371	-	-	-
Taxes--restricted for tourism programs				1,933,839	-	1,933,839	-	-	-
Grants and contributions not restricted to specific programs				2,242,325	-	2,242,325	-	-	-
Unrestricted investment earnings				2,429,851	336,766	2,766,617	27,636	-	129,767
Gain on sale/disposal of capital assets				6,685	4,879	11,564	29,381	-	-
Transfers				2,200,958	(1,901,359)	299,599	-	-	-
Total general revenues and transfers				74,552,029	(1,559,714)	72,992,315	57,017	-	129,767
Change in net assets				10,487,142	1,717,753	12,204,895	3,950,302	-	2,154,416
Net assets - beginning, as restated				68,813,126	21,965,045	90,778,171	79,263,655	3,771	14,714,470
Net assets - ending				\$ 79,300,268	\$ 23,682,798	\$ 102,983,066	\$ 83,213,957	\$ 3,771	\$ 16,868,886

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

INGHAM COUNTY, MICHIGAN

Balance Sheet Governmental Funds December 31, 2004

	General Fund	Health Department	Emergency Telephone Fund	Revenue Sharing Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 6,490,636	\$ -	\$ 10,364,373	\$ -	\$ 21,031,671	\$ 37,886,680
Property taxes receivable	23,612,853	-	4,481,975	13,807,395	5,788,766	47,690,989
Accounts receivable	363,794	-	7,600	-	191,935	563,329
Accrued interest receivable	133,138	219	37,480	-	37,045	207,882
Interfund receivables	4,576,228	-	-	-	-	4,576,228
Due from other funds	2,933,279	483,988	122	-	1,467,562	4,884,951
Due from component unit	500	-	-	-	-	500
Due from other governmental units	3,107,977	3,549,690	81,010	-	3,776,581	10,515,258
Prepaid items	471,403	6,415	-	-	195	478,013
Deferred assets	4,075,760	-	-	-	-	4,075,760
Advances to other funds	1,534,289	-	-	-	-	1,534,289
Advances to component units	377,500	-	-	-	-	377,500
Total assets	<u>\$ 47,677,357</u>	<u>\$ 4,040,312</u>	<u>\$ 14,972,560</u>	<u>\$ 13,807,395</u>	<u>\$ 32,293,755</u>	<u>\$ 112,791,379</u>
LIABILITIES:						
Accounts payable	\$ 739,574	\$ 736,631	\$ 2,806,092	\$ -	\$ 2,682,501	\$ 6,964,798
Salaries and amounts withheld therefrom	1,023,390	557,010	-	-	237,572	1,817,972
Interfund payables	-	1,677,552	-	-	2,885,425	4,562,977
Due to other funds	1,037,452	199,014	69	2,119,239	1,241,732	4,597,506
Due to other governmental units	62,902	-	-	-	271,596	334,498
Deposits payable	-	-	-	-	1,000	1,000
Advances from other funds	-	-	-	-	49,759	49,759
Deferred revenue	32,633,569	800,499	5,039,008	-	6,936,233	45,409,309
Total liabilities	<u>35,496,887</u>	<u>3,970,706</u>	<u>7,845,169</u>	<u>2,119,239</u>	<u>14,305,818</u>	<u>63,737,819</u>
FUND BALANCES:						
Reserved for:						
Prepaid items	471,403	6,415	-	-	195	478,013
Advances to other funds/component units	1,911,789	-	-	-	-	1,911,789
Contingent claims	10,000	-	-	-	-	10,000
Otto Clinic donations	-	61,504	-	-	-	61,504
Various community projects	-	-	-	-	304,273	304,273
Upgrading ROD Technology	-	-	-	-	629,053	629,053
Debt service	-	-	-	-	56,569	56,569
Unreserved						
Designated for future expenditures:						
General Fund	3,054,976	-	-	-	-	3,054,976
Special revenue funds	-	-	-	-	3,592,740	3,592,740
Capital projects funds	-	-	-	-	51,926	51,926
Undesignated:						
General Fund	6,732,302	-	-	-	-	6,732,302
Special revenue funds	-	1,687	7,127,391	11,688,156	13,353,181	32,170,415
Total fund balances	<u>12,180,470</u>	<u>69,606</u>	<u>7,127,391</u>	<u>11,688,156</u>	<u>17,987,937</u>	<u>49,053,560</u>
Total liabilities and fund balances	<u>\$ 47,677,357</u>	<u>\$ 4,040,312</u>	<u>\$ 14,972,560</u>	<u>\$ 13,807,395</u>	<u>\$ 32,293,755</u>	<u>\$ 112,791,379</u>

The notes to the financial statements are an integral part of this statement.

INGHAM COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
For Governmental Funds to Net Assets of Governmental
Activities on the Statement of Net Assets
December 31, 2004

Fund balances - total governmental funds	\$ 49,053,560
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add - capital assets, net of accumulated depreciation	51,982,956
Other long-term assets are not available to pay for current-period expenditures and therefore are not recorded in the funds.	
Add - long-term receivable included in deferred assets	4,075,760
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - bonds payable and other debt	(30,091,646)
Deduct - accrued interest on bonds payable	(442,278)
Deduct - accrued compensated absences and other long-term liabilities	(3,097,163)
Deduct - accrued long-term retro-pay	(223,907)
Internal service funds are used by management to charge the cost of services it individual funds. The assets and liabilities of the Internal service funds are included in governmental activities in the statement of net assets.	
Add - net assets of governmental activities accounted for in internal services funds	<u>8,042,986</u>
Net assets of governmental activities	<u><u>\$ 79,300,268</u></u>

The notes to the financial statements are an integral part of this statement.

INGHAM COUNTY, MICHIGAN
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
December 31, 2004

	General Fund	Health Department	Emergency Telephone Fund	Revenue Sharing Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 40,990,885	\$ -	\$ 4,747,151	\$ 13,807,395	\$ 8,126,779	\$ 67,672,210
Licenses and permits	281,608	-	-	-	-	281,608
Intergovernmental	10,201,224	11,166,520	-	-	10,783,378	32,151,122
Charges for services	10,808,510	7,962,872	-	-	1,771,812	20,543,194
Fines and forfeits	482,258	-	-	-	-	482,258
Interest	1,574,227	982	221,253	-	184,297	1,980,759
Other	526,945	797,543	1,236,277	-	1,140,109	3,700,874
Proceeds from deferred assets	969,490	-	-	-	-	969,490
Total revenue	<u>65,835,147</u>	<u>19,927,917</u>	<u>6,204,681</u>	<u>13,807,395</u>	<u>22,006,375</u>	<u>127,781,515</u>
Expenditures						
Current						
Public safety	20,315,858	-	7,726,573	-	1,952,630	29,995,061
Judicial	12,023,753	-	-	-	-	12,023,753
Public works	143,475	-	-	-	2,616,366	2,759,841
Culture and recreation	814,825	-	-	-	3,782,896	4,597,721
General government	13,570,308	-	-	-	6,328,756	19,899,064
Health	2,510,518	28,231,999	-	-	-	30,742,517
Welfare	311,517	-	-	-	13,021,480	13,332,997
Education	-	-	-	-	71,805	71,805
Economic development	526,534	-	-	-	-	526,534
Capital outlay	607,496	130,741	29,681	-	2,043,328	2,811,246
Debt Service						
Principal	-	-	5,838	-	3,115,000	3,120,838
Interest	-	-	-	-	1,438,621	1,438,621
Total expenditures	<u>50,824,284</u>	<u>28,362,740</u>	<u>7,762,092</u>	<u>-</u>	<u>34,370,882</u>	<u>121,319,998</u>
Excess of revenues over (under) expenditures	<u>15,010,863</u>	<u>(8,434,823)</u>	<u>(1,557,411)</u>	<u>13,807,395</u>	<u>(12,364,507)</u>	<u>6,461,517</u>
Other financing sources (uses)						
Proceeds from note/debt issue	-	-	-	-	1,594,754	1,594,754
Proceeds from lease purchase agreements	-	-	25,030	-	-	25,030
Transfer in	4,558,859	8,533,493	-	-	14,147,439	27,239,791
Transfer out	(17,993,029)	(95,024)	-	(2,119,239)	(2,322,814)	(22,530,106)
Total other financing sources (uses)	<u>(13,434,170)</u>	<u>8,438,469</u>	<u>25,030</u>	<u>(2,119,239)</u>	<u>13,419,379</u>	<u>6,329,469</u>
Net change in fund balances	1,576,693	3,646	(1,532,381)	11,688,156	1,054,872	12,790,986
Fund balances, beginning of year	<u>10,603,777</u>	<u>65,960</u>	<u>8,659,772</u>	<u>-</u>	<u>16,933,065</u>	<u>36,262,574</u>
Fund balances, end of year	<u>\$ 12,180,470</u>	<u>\$ 69,606</u>	<u>\$ 7,127,391</u>	<u>\$ 11,688,156</u>	<u>\$ 17,987,937</u>	<u>\$ 49,053,560</u>

The notes to the financial statements are an integral part of this statement.

INGHAM COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2004

Net change in fund balances - Governmental funds	\$ 12,790,986
Amounts reported for governmental activities in the statement of net assets are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
Add - capital outlay	2,811,246
Deduct - depreciation expense	(3,824,649)
The net effect of various miscellaneous transactions involving capital assets	
Deduct - net book value of disposed capital assets	(16,264)
Add net effect of principal recognized as revenue at fund level for long-term receivable collection	(637,296)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	
Deduct - Proceeds from bond issuance and installment purchase	(1,619,784)
Add - principal payments on long-term bonds and other debt	3,141,278
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Deduct - increase in accrual for compensated absences and other accrued liabilities	(155,589)
Add - decrease in accrual for accrued interest payable	10,682
The net revenue (expense) of internal service funds is reported with governmental activities.	<u>(2,013,468)</u>
Change in net assets of governmental activities	<u><u>\$ 10,487,142</u></u>

The notes to the financial statements are an integral part of this statement.

INGHAM COUNTY, MICHIGAN
General Fund
Statement of Revenue, Expenditures,
and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)	2003 Actual
Revenue					
Taxes	\$ 40,282,460	\$ 40,478,701	\$ 40,990,885	\$ 512,184	\$ 38,935,987
Licenses and permits	301,450	301,450	281,608	(19,842)	279,683
Intergovernmental	11,412,113	12,653,147	10,201,224	(2,451,923)	11,539,227
Charges for services	10,759,642	10,789,880	10,808,510	18,630	10,245,512
Fines and forfeits	381,250	381,250	482,258	101,008	379,083
Interest	1,200,000	1,200,006	1,574,227	374,221	1,002,340
Other	384,828	523,199	526,945	3,746	567,791
Proceeds from deferred asset	-	969,490	969,490	-	822,309
Total revenue	<u>64,721,743</u>	<u>67,297,123</u>	<u>65,835,147</u>	<u>(1,461,976)</u>	<u>63,771,932</u>
Expenditures					
Current:					
Public safety	19,952,507	21,032,887	20,315,858	717,029	19,239,732
Judicial	12,547,152	12,306,106	12,023,753	282,353	11,552,478
Public works	117,950	144,425	143,475	950	104,850
Culture and recreation	707,468	1,030,177	814,825	215,352	878,818
General government	13,474,823	13,786,641	13,570,308	216,333	12,833,515
Health	2,516,732	2,510,518	2,510,518	-	2,400,345
Welfare	318,197	315,639	311,517	4,122	301,018
Economic development	238,043	806,928	526,534	280,394	320,648
Capital outlay	389,500	696,189	607,496	88,693	313,632
Total expenditures	<u>50,262,372</u>	<u>52,629,510</u>	<u>50,824,284</u>	<u>1,805,226</u>	<u>47,945,036</u>
Revenue over expenditures	<u>14,459,371</u>	<u>14,667,613</u>	<u>15,010,863</u>	<u>343,250</u>	<u>15,826,896</u>
Other financing sources (uses)					
Transfers in	2,528,797	2,532,278	4,558,859	2,026,581	2,603,381
Transfers (out)	(16,388,168)	(18,203,484)	(17,993,029)	210,455	(18,203,154)
Total other financing sources (uses)	<u>(13,859,371)</u>	<u>(15,671,206)</u>	<u>(13,434,170)</u>	<u>2,237,036</u>	<u>(15,599,773)</u>
Net change in fund balance	600,000	(1,003,593)	1,576,693	2,580,286	227,123
Fund balance, beginning of year	<u>10,603,777</u>	<u>10,603,777</u>	<u>10,603,777</u>	<u>-</u>	<u>10,376,654</u>
Fund balances, end of year	<u><u>\$ 11,203,777</u></u>	<u><u>\$ 9,600,184</u></u>	<u><u>\$ 12,180,470</u></u>	<u><u>\$ 2,580,286</u></u>	<u><u>\$ 10,603,777</u></u>

The notes to the financial statements are an integral part of this statement.

INGHAM COUNTY, MICHIGAN
Health Department Major Special Revenue Fund
Statement of Revenue, Expenditures,
and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2004

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)	2003 Actual
Revenue					
Intergovernmental	\$ 10,941,048	\$ 10,856,740	\$ 11,166,520	\$ 309,780	\$ 10,123,938
Charges for services	9,844,821	9,845,661	7,962,872	(1,882,789)	10,647,362
Interest	-	-	982	982	659
Other	667,563	667,563	797,543	129,980	1,088,743
Total revenue	21,453,432	21,369,964	19,927,917	(1,442,047)	21,860,702
Expenditures					
Health:					
Personnel services	19,372,952	19,109,601	18,804,980	304,621	17,693,662
Professional and contractual	4,251,269	3,189,756	2,663,829	525,927	6,209,093
Transportation	231,970	250,377	229,241	21,136	223,298
Supplies	1,615,562	1,621,491	1,339,864	281,627	1,284,452
Other	4,313,158	5,434,161	5,194,085	240,076	4,643,640
Capital outlay	58,111	170,458	130,741	39,717	56,626
Total expenditures	29,843,022	29,775,844	28,362,740	1,413,104	30,110,771
Revenue over (under) expenditures	(8,389,590)	(8,405,880)	(8,434,823)	(28,943)	(8,250,069)
Other financing sources (uses)					
Transfers in	8,300,891	8,528,598	8,533,493	4,895	8,354,825
Transfers (out)	(9,218)	(100,218)	(95,024)	5,194	(183,878)
Total other financing sources (uses)	8,291,673	8,428,380	8,438,469	10,089	8,170,947
Net change in fund balance	(97,917)	22,500	3,646	(18,854)	(79,122)
Fund balance, beginning of year	65,960	65,960	65,960	-	145,082
Fund balances, end of year	\$ (31,957)	\$ 88,460	\$ 69,606	\$ (18,854)	\$ 65,960

The notes to the financial statements are an integral part of this statement.

INGHAM COUNTY, MICHIGAN
Emergency Telephone Major Special Revenue Fund
Statement of Revenue, Expenditures,
and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)	2003 Actual
Revenue					
Taxes	\$ 4,724,290	\$ 4,724,290	\$ 4,747,151	\$ 22,861	\$ 4,494,893
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	300,000	300,000	221,253	(78,747)	166,614
Other	1,480,000	1,444,970	1,236,277	(208,693)	1,418,720
Total revenue	6,504,290	6,469,260	6,204,681	(264,579)	6,080,227
Expenditures					
Public safety	6,234,290	7,817,905	7,731,129	86,776	6,247,919
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
General government	-	-	-	-	-
Health	-	-	-	-	-
Welfare	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	29,681	29,681	-	-
Debt service	-	5,933	5,933	-	-
Total expenditures	6,234,290	7,853,519	7,766,743	86,776	6,247,919
Revenue over (under) expenditures	270,000	(1,384,259)	(1,562,062)	(177,803)	(167,692)
Other financing sources (uses)					
Proceeds from note/debt issue	-	-	-	-	-
Proceeds from lease purchase agreements	-	-	29,681	29,681	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	-	-	29,681	29,681	-
Net change in fund balance	270,000	(1,384,259)	(1,532,381)	(148,122)	(167,692)
Fund balance, beginning of year	8,659,772	8,659,772	8,659,772	-	8,827,464
Fund balances, end of year	\$ 8,929,772	\$ 7,275,513	\$ 7,127,391	\$ (148,122)	\$ 8,659,772

The notes to the financial statements are an integral part of this statement.

INGHAM COUNTY, MICHIGAN
Revenue Sharing Reserve Major Special Revenue Fund
Statement of Revenue, Expenditures,
and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)	2003 Actual
Revenue					
Taxes	\$ -	\$ 13,807,395	\$ 13,807,395	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
Total revenue	-	13,807,395	13,807,395	-	-
Expenditures					
Public safety					
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
General government	-	-	-	-	-
Health	-	-	-	-	-
Welfare	-	-	-	-	-
Education	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	-	-	-	-	-
Revenue over expenditures	-	13,807,395	13,807,395	-	-
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers (out)	-	(2,119,239)	(2,119,239)	-	-
Total other financing sources (uses)	-	(2,119,239)	(2,119,239)	-	-
Net change in fund balance	-	11,688,156	11,688,156	-	-
Fund balance, beginning of year	-	-	-	-	-
Fund balances, end of year	\$ -	\$ 11,688,156	\$ 11,688,156	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

INGHAM COUNTY, MICHIGAN

Statement of Net Assets

Proprietary Funds

December 31, 2004

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving	Refunding Sanitary Sewer No. 3 & 4	Other Enterprise Funds	Total Enterprise Funds	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 2,922,307	\$ 7,822,206	\$ 10,420	\$ 1,030,149	\$ 11,785,082	\$ 8,710,836
Delinquent real property taxes receivable	-	7,888,292	-	-	7,888,292	-
Accounts receivable	1,280,320	5,687	11	61,115	1,347,133	150,208
Accrued interest receivable	14,000	18,474	-	501	32,975	14,294
Due from other governments	-	-	41,834	42,106	83,940	89,232
Leases receivable	-	-	935,000	270,000	1,205,000	-
Due from other funds	55,685	-	-	1,414	57,099	626,049
Inventories	9,309	-	-	-	9,309	18,856
Prepaid items	15,997	-	-	1,171	17,168	-
Total current assets	4,297,618	15,734,659	987,265	1,406,456	22,425,998	9,609,475
Noncurrent assets:						
Restricted assets						
Cash and cash equivalents	7,354,943	-	-	-	7,354,943	272,113
Customer deposits	-	-	-	57,398	57,398	-
Escrow account for insurance claims	-	-	-	-	-	785,479
Subsidy receivable for debt service	-	-	-	41,497	41,497	-
Total restricted assets	7,354,943	-	-	98,895	7,453,838	1,057,592
Loans receivable	-	-	-	977,381	977,381	-
Leases receivable	-	-	4,535,000	3,685,000	8,220,000	-
Other long-term accounts receivable	-	-	-	-	-	389,519
Capital assets						
Land	132,832	-	-	332,158	464,990	-
Construction in progress	159,054	-	-	-	159,054	550,156
Building and systems	9,999,169	-	-	6,782,549	16,781,718	-
Machinery and equipment	679,546	202,450	-	344,973	1,226,969	6,458,732
Less accumulated depreciation	(6,479,410)	(195,916)	-	(3,600,558)	(10,275,884)	(3,924,809)
Total capital assets (net of accumulated depreciation)	4,491,191	6,534	-	3,859,122	8,356,847	3,084,079
Total noncurrent assets	11,846,134	6,534	4,535,000	8,620,398	25,008,066	4,531,190
Total assets	16,143,752	15,741,193	5,522,265	10,026,854	47,434,064	14,140,665
LIABILITIES						
Current liabilities:						
Accounts payable	273,747	11,374	-	134,677	419,798	2,076,496
Interfund payable	-	-	-	13,251	13,251	-
Salaries and amounts withheld therefrom	487,614	-	-	35,238	522,852	49,083
Other accrued liabilities	-	-	-	-	-	1,773,300
Due to other funds	129,403	-	-	3,142	132,545	631,236
Accrued interest payable	-	22,326	41,834	42,107	106,267	-
Compensated absences	240,226	-	-	42,262	282,488	122,903
Bonds/notes payable-current	-	11,500,000	935,000	270,000	12,705,000	-
Capital leases payable-current	-	-	-	-	-	111,592
Deferred revenue	-	-	-	68,760	68,760	4,730
Total current liabilities	1,130,990	11,533,700	976,834	609,437	14,250,961	4,769,340
Current liabilities payable from restricted assets:						
Customer deposits payable	-	-	-	57,398	57,398	-
Accrued interest payable	-	-	-	21,497	21,497	-
Contingent claims payable	-	-	-	-	-	584,132
Patient trust liability	15,053	-	-	-	15,053	-
Total current liabilities payable from restricted assets	15,053	-	-	78,895	93,948	584,132
Noncurrent liabilities:						
Notes payable	-	-	4,535,000	3,705,000	8,240,000	-
Capital leases payable	-	-	-	-	-	326,034
Contingent claims payable	100,000	-	-	-	100,000	-
Advances from other funds	861,788	-	-	204,569	1,066,357	418,173
Total noncurrent liabilities	961,788	-	4,535,000	3,909,569	9,406,357	744,207
Total liabilities	2,107,831	11,533,700	5,511,834	4,597,901	23,751,266	6,097,679
NET ASSETS						
Invested in capital assets, net of related debt	4,491,191	6,534	-	3,859,122	8,356,847	2,646,453
Restricted for statutory delinquent tax administration fee	-	520,120	-	-	520,120	-
Restricted for capital improvements	7,339,890	-	-	7,371	7,347,261	272,113
Restricted for debt service	-	689,871	10,431	20,589	720,891	-
Restricted for other purposes	-	-	-	-	-	1,254,751
Unrestricted	2,204,840	2,990,968	-	1,541,871	6,737,679	3,869,669
Total net assets	\$ 14,035,921	\$ 4,207,493	\$ 10,431	\$ 5,428,953	\$ 23,682,798	\$ 8,042,986

The notes to the financial statements are an integral part of this statement.

INGHAM COUNTY, MICHIGAN
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving	Refunding Sanitary Sewer No. 3 & 4	Other Enterprise Funds	Total Enterprise Funds	
Operating revenues:						
Charges for services	\$ 13,076,474	\$ -	\$ 280,469	\$ 199,229	\$ 13,556,172	\$ 19,454,832
Sales	-	-	-	421,413	421,413	660
Interest on taxes	-	1,354,681	-	2,808	1,357,489	-
Collection fees	-	604,457	-	20	604,477	-
Other operating revenue	100,893	-	-	2,785,098	2,885,991	5,157,367
Total operating revenues	13,177,367	1,959,138	280,469	3,408,568	18,825,542	24,612,859
Operating expenses:						
Administrative	7,058,459	81,374	-	1,683,283	8,823,116	5,105,572
Fees and insurance	-	-	-	-	-	10,118,506
Retirement contributions	-	-	-	-	-	5,892,106
Current and contingent claims	-	-	-	-	-	1,763,562
Depreciation	362,136	3,972	-	230,864	596,972	807,584
Other operating expenses	5,145,163	-	-	662,182	5,807,345	542,563
Total operating expenses	12,565,758	85,346	-	2,576,329	15,227,433	24,229,893
Operating income	611,609	1,873,792	280,469	832,239	3,598,109	382,966
Nonoperating revenues (expenses)						
Investment earnings	214,423	114,472	237	7,634	336,766	116,898
Proportionate share reimbursements	8,079,156	-	-	-	8,079,156	-
Intergovernmental transfer payment	(7,729,282)	-	-	-	(7,729,282)	-
Maintenance of effort	(44,108)	-	-	-	(44,108)	-
Interest and fiscal charges	(10,086)	(136,322)	(280,469)	(199,531)	(626,408)	(3,277)
Gain (loss) on disposal of capital assets	-	4,879	-	-	4,879	(1,328)
Total nonoperating revenue (expenses)	510,103	(16,971)	(280,232)	(191,897)	21,003	112,293
Income before transfers	1,121,712	1,856,821	237	640,342	3,619,112	495,259
Transfer in	-	-	-	124,693	124,693	192,991
Transfer (out)	-	(2,025,000)	-	(1,052)	(2,026,052)	(2,701,718)
Change in net assets	1,121,712	(168,179)	237	763,983	1,717,753	(2,013,468)
Total net assets - beginning, as restated	12,914,209	4,375,672	10,194	4,664,970	21,965,045	10,056,454
Total net assets - ending	\$ 14,035,921	\$ 4,207,493	\$ 10,431	\$ 5,428,953	\$ 23,682,798	\$ 8,042,986

The notes to the financial statements are an integral part of this statement.

INGHAM COUNTY, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving	Refunding Sanitary Sewer No. 3 & 4	Other Enterprise Funds	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers and users	\$ 12,745,097	\$ 911,393	\$ 280,469	\$ 3,360,117	\$ 17,297,076	\$ 24,691,598
Payments to suppliers	(5,059,263)	(198,165)	-	(2,284,247)	(7,541,675)	(18,730,643)
Payments to employees	(6,960,292)	-	-	(568,815)	(7,529,107)	(2,031,407)
Claims paid	-	-	-	-	-	(967,227)
Other receipts	-	-	-	5,565	5,565	-
Net cash provided by operating activities	725,542	713,228	280,469	512,620	2,231,859	2,962,321
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES						
Net borrowings in excess of repayments on short-term debt	-	6,600,000	-	-	6,600,000	-
Proportionate share reimbursement	8,079,156	-	-	-	8,079,156	-
Intergovernmental transfer payment	(7,729,282)	-	-	-	(7,729,282)	-
Maintenance of effort	(44,108)	-	-	-	(44,108)	-
Interfund loan made (repaid)	-	-	-	(34,027)	(34,027)	(28,723)
Transfers from other funds	-	-	-	121,274	121,274	168,528
Transfers to other funds	-	(2,025,000)	-	-	(2,025,000)	(2,619,879)
Net cash provided (used) by non-capital financing activities	305,766	4,575,000	-	87,247	4,968,013	(2,480,074)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(159,054)	-	-	(69,802)	(228,856)	(1,111,387)
Principal paid on long-term debt	-	-	(895,000)	(260,000)	(1,155,000)	(133,961)
Interest paid on long-term debt	(10,086)	(136,322)	(280,469)	(199,532)	(626,409)	(3,277)
Advance paid to other funds	(73,768)	-	-	-	(73,768)	-
Payments received on long term leases receivable	-	-	895,000	260,000	1,155,000	-
Proceeds from sale of capital assets	-	4,879	-	-	4,879	-
Net cash used by capital and related financing activities	(242,908)	(131,443)	(280,469)	(269,334)	(924,154)	(1,248,625)
CASH FLOW FROM INVESTING ACTIVITIES						
Interest and dividends received	216,723	114,472	263	7,641	339,099	115,447
Net cash provided by investing activities	216,723	114,472	263	7,641	339,099	115,447
Net increase in cash and cash equivalents	1,005,123	5,271,257	263	338,174	6,614,817	(650,931)
Cash and cash equivalents, January 1	9,272,127	2,550,949	10,157	749,371	12,582,604	10,419,359
Cash and cash equivalents, December 31	\$ 10,277,250	\$ 7,822,206	\$ 10,420	\$ 1,087,545	\$ 19,197,421	\$ 9,768,428
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income	\$ 611,609	\$ 1,873,792	\$ 280,469	\$ 832,240	\$ 3,598,110	\$ 382,965
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	362,136	3,972	-	230,864	596,972	807,584
(Increase) decrease taxes receivable	-	(1,183,939)	-	-	(1,183,939)	-
(Increase) decrease accounts receivable	(378,595)	(1,301)	-	(44,170)	(424,066)	33,472
(Increase) decrease interest receivable	-	(5,428)	-	(1)	(5,429)	-
(Increase) decrease due from other funds	(47,201)	-	-	(1,401)	(48,602)	43,092
(Increase) decrease due from other governments	-	-	5,817	(2,923)	2,894	-
(Increase) decrease loans receivable	-	-	-	(526,107)	(526,107)	-
(Increase) decrease inventories	2,527	-	-	-	2,527	245
(Increase) decrease prepaid items	(4,519)	6,600	-	298	2,379	283,234
Increase (decrease) accounts payable	88,195	2,110	-	12,862	103,167	425,062
Increase (decrease) salaries withheld	-	-	-	(3,953)	(3,953)	(43,106)
Increase (decrease) other accrued liabilities	89,597	-	-	4,759	94,356	(18,774)
Increase (decrease) compensated absences	8,570	-	-	-	8,570	-
Increase (decrease) patient trust liability	(303)	-	-	-	(303)	-
Increase (decrease) due to other funds	(6,474)	-	-	4,000	(2,474)	288,408
Increase (decrease) interest payable	-	17,422	(5,817)	2,923	14,528	-
Increase (decrease) current liabilities payable from restricted assets	-	-	-	916	916	758,209
Increase (decrease) deferred revenue	-	-	-	2,313	2,313	1,930
Total adjustments	113,933	(1,160,564)	-	(319,620)	(1,366,251)	2,579,356
Net cash provided by operating activities	\$ 725,542	\$ 713,228	\$ 280,469	\$ 512,620	\$ 2,231,859	\$ 2,962,321
Noncash investing, capital, and financing activities:						
Contributions of capital assets from government	\$ -	\$ 4,879	\$ -	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

INGHAM COUNTY
Statement of Fiduciary Net Assets--Fiduciary Funds
December 31, 2004

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 8,073,069
Accounts receivable	115,357
Accrued interest receivable	<u>1,759</u>
Total assets	<u><u>\$ 8,190,185</u></u>
Liabilities	
Deposits held	\$ 3,660,826
Undistributed receipts	511,968
Salaries and amounts withheld therefrom	240,787
Accrued pension liability	822,469
Due to other governmental units	<u>2,954,135</u>
Total liabilities	<u><u>\$ 8,190,185</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES to the FINANCIAL STATEMENTS

**INGHAM COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

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INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Ingham County, Michigan (the "County" or "government") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

A. Reporting Entity

As required by generally accepted accounting principals, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

Blended Component Units

Ingham County Building Authority - The Building Authority is governed by a three-member board appointed by the Ingham County Board of Commissioners. Its sole function is to oversee the financing and construction, if any, of the County's public buildings; therefore, it is reported as if it were part of the primary government.

Discretely Presented Component Units

Ingham County Road Commission (the "Road Commission") - The Road Commission, established pursuant to State statutes, is governed by a three-member board appointed by the County for six-year terms. Its receipts are deposited with the County Treasurer, who invests certain of those deposits. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. If approval is granted, such taxes would be levied under the taxing authority of the County and included as part of the County's total tax levy as well as reported in the Road Commission. The Road Commission has a December 31 year end.

The Ingham County Road Commission is responsible for the maintenance and construction of approximately 1,200 miles of county roads, which are financed primarily through gasoline, diesel fuel and license plate taxes. The State distributes approximately 39% of these taxes to the county road commissions. Substantially all of the Ingham County Road Commission's revenues are derived from these State-levied taxes. No general fund monies are used for roads in Ingham County. Some Federal funding is provided for Federal Aid Routes, and townships appropriate monies on a matching basis for the betterment of local roads.

Separate financial statements for the Ingham County Road Commission are available at the office of the Ingham County Road Commission located at 301 Bush Street, Mason, Michigan 48854.

Ingham County Economic Development Corporation (the "Corporation") - The Corporation, which was established pursuant to State statutes and is responsible for assisting in the expansion of business in the geographic area, is governed by an 11-member board. The County appoints a voting majority of the Corporation's board and is able to impose its will through the authority to approve or disprove the Corporation's project plans. The Corporation has a December 31 year end.

Separate financial statements for the Ingham County Economic Development Corporation are not prepared, but are included herein.

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Ingham County Drain Commission (the "Drain Commission") - All drainage districts established pursuant to the Michigan Drain Code of 1956 are separate legal entities with the power to contract, to sue and be sued, and to hold, manage and dispose of real and personal property. The statutory governing board of Chapter 20 drainage districts consists of the Drain Commissioner, the Chair of the County Board of Commissioners and one other member of the County Board of Commissioners. The statutory governing board of Chapter 5 and 6 drainage districts consists of the Michigan Director of Agriculture and the drain commissioner of each county involved in the project. The County Drain Commission has sole responsibility to administer Chapter 3 and 4 drainage districts. A drainage board or drain commissioner, on behalf of the drainage district, may issue debt and levy special assessments without the prior approval of the County. The full faith and credit of the County may be given for the debt of the drainage district. The nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the primary government's financial statements to be misleading or incomplete. The Drain Commission has a December 31 year end.

Separate financial statements for the Ingham County Drain Commission are not prepared, but are included herein.

Joint Ventures

In 1998, the County entered into an agreement with the City of Lansing to form the City of Lansing and County of Ingham Joint Building Authority for the purpose of constructing and managing a building in downtown Lansing that houses the courts, prosecuting attorney and other related departments. The Authority is governed by a three-member board composed of one member each appointed by the City and County and one appointed jointly by the two units. Both the County and City will contribute cash and/or property to the Authority. Bonds were issued in 1999 by the Authority to provide the additional funding necessary to construct the building. Because the joint venture agreement does not provide an explicit contractual formula outlining the County's claim to the Authority's assets, it is deemed to be a "joint venture with no equity interest." Accordingly, no amounts are reported in the accompanying financial statements for the County's equity in the Authority.

Financial information for the Joint Building Authority may be obtained by writing the Ingham County Financial Services Division, P.O. Box 319, Mason, Michigan 48854.

Jointly Governed Organizations

The County, in conjunction with other local governmental and corporate entities, is responsible for appointing the members of the boards of several other organizations. The County has no significant influence over the management of these organizations. Financial accountability is limited to the extent of any appropriated operating grant. Therefore, these organizations are not included in the County's financial report.

Tri-County Community Mental Health Board. The Tri-County Community Mental Health Board provides comprehensive mental health services to the residents of Ingham, Eaton, and Clinton counties. Operating revenues are derived from federal, state and local governments as well as from fees for services. The organization is governed by a 12-member board appointed by the Board of Commissioners of the three counties it serves. Ingham County's 2004 contribution to the Tri-County Community Mental Health Board was \$1,827,524.

Tri-County Regional Planning Commission. The Tri-County Regional Planning Commission services Ingham, Eaton, and Clinton counties. The Commission's membership includes those counties, the City of Lansing, the City of East Lansing, Delta Township, Meridian Township and the Michigan Department of Transportation. Also included by right, are the county road commissions and transit authorities, making a total of nineteen voting members. The Commission must adopt a proposed budget at its February meeting and submit the same to the Board of Commissioners of the three counties it serves and to the Lansing City Council with its request for allocation of funds. Each of these units contribute one-quarter of the total annual budget. Ingham County's 2004 contribution was \$68,919.

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Ingham Regional Medical Center. Ingham Regional Medical Center (IRMC) includes the operations of the former Ingham Medical Center (IMC) which was a County-owned hospital. On December 30, 1992, Ingham County sold its ownership interest in IMC to Lansing General Hospital, a Michigan private non-profit corporation. Lansing General combined its operations with IMC to form a new private non-profit corporation now known as Ingham Regional Medical Center.

In addition to the economic consideration, the County received majority representation on the board of the new hospital entity for 10 years with continued representation thereafter. This relationship provides no financial benefit or burden to the County.

Capital Region Airport Authority. The Capital Region Airport Authority operates the Capital City Airport and Mason Jewett Field and may acquire control over any additional airports not already in existence within the participating region. The Airport Authority is administered by a five-member board. The majority of the Board is appointed by the City of Lansing. In addition to a tax levy of up to three-quarters of a mill, the Authority receives operating funds from revenue produced by airport operations and from federal grants. The tax is collected by the County for the Authority. The County provides no funding to the Airport Authority. Additionally, the County does not hold title to any of the Airport Authority's assets, nor does it have any right to the Airport Authority's surplus.

Capital Area District Library. In 1997, Ingham County and the City of Lansing established the Capital Area District Library (CADL). Effective January 1, 1998, CADL assumed operating responsibility for the 11 County library branches and one library maintained by the Lansing School District. The CADL provides library services for most of Ingham County. Excluded from the District's service areas are the City of East Lansing and other locations where the district libraries were already established.

The CADL is administered by a seven-member board. The City of Lansing appoints two board members and the County appoints the remaining five board members. Four of the seven board members must be residents of the City of Lansing or Lansing Township.

Although the County appoints a voting majority of the CADL Board, it does not have the authority to remove or censure any appointees. Furthermore, other than the initial financial support agreed to by the County, the CADL does not provide a financial benefit or impose a financial burden on the County. Accordingly, management has concluded that the County is not financially accountable for the CADL and determined that it is not a component unit of the County under guidelines established by GASB Statement No. 14.

Funds With Other Year Ends

The Ingham County Housing Commission Enterprise Fund and the Ingham County Health Department, Family Court Child Care, Social Welfare and FIA Child Care Special Revenue Funds are reported on a fiscal year ended September 30, 2004, and the Ingham County Fair Board is reported on a fiscal year ended October 31, 2004.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or within one year for reimbursement based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *County health department fund* accounts for the delivery of a vast array of health services to the residents of Ingham County. This fund is accounted for on a September 30 fiscal year end, which coincides with the Health Department's primary funding source.

The *emergency telephone fund* accounts for the operations of the emergency telephone and dispatch system.

The *revenue sharing reserve fund* accounts for accelerated property tax collections held for the replacement of future state shared revenues.

The government reports the following major proprietary funds:

The *medical care facility fund* accounts for the long-term care of elderly residents of Ingham County in a medical care unit owned and operated by Ingham County.

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

The *delinquent tax revolving fund* accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing units within the County and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. The fund also accounts for the County's issuance of debt (to provide cash flow for the purchase of the taxes) and for the resulting debt service payments.

The *refunding sanitary sewer project No. 3 and No. 4 fund* accounts for the financing of system improvements for Delhi Township.

Additionally, the government reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes not including major capital projects.

The *debt service funds* are used to account for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds not being financed by proprietary funds.

The *capital projects funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The *internal service funds* account for operations that provide services (such as building operations, data processing, employee benefits, and other services) to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

The *agency funds* account for assets held for other governments in an agency capacity, specifically for library penal fines and payroll withholdings.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the delinquent tax fund and of the government's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted revenues are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

C. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

Cash and cash equivalents include amounts in demand deposits as well as amounts in the County Treasurer's cash management pools.

The County Treasurer maintains a cash management pool for the Road Commission as well as an entity-wide cash management pool. These cash pools have the general characteristics of demand deposits in that deposits and withdrawals may be made at any time without prior notice or penalty. Each fund type's portion of this pool is included in the "Cash and cash equivalents" caption or in restricted assets.

Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the United States, certain commercial paper, repurchase agreements, banker acceptances and mutual funds composed of otherwise legal investments.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances".

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Medical Care Facility receivables are reported at the estimated net realizable amounts due from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Through 2004, property taxes are levied on December 1 of each year, which is the lien date, and are collected through March 1 of the year following the levy, at which time uncollected taxes become delinquent. The December 1 levy is recorded as a receivable and deferred revenue at year end because it is intended to fund expenditures of the following fiscal year. Property taxes are levied on the assessed taxable value pursuant to a 1994 voter-approved amendment to the Michigan Constitution. Under that amendment, taxable value is the lesser of: (a) the taxable value in the immediately preceding year, subject to adjustments, multiplied by the lesser of the net percentage change is the property's SEV (State Equalized Value, which is 50% of the estimated true cash value), the rate of inflation, or 5%; or (b) the property's current SEV. When property is sold or transferred, taxable value is adjusted to the SEV.

The taxable value of real and personal property for the 2004 levy, for which revenue will be recognized in 2005, was \$6,843,888,650. The general operating tax rate for this levy was 6.3512 mills with an additional 0.3947 mills for operations of the County Transportation System, 0.7577 for operations of the Emergency Telephone Service, .5951 mills for the Juvenile Justice activity, and .4682 mills for the operations of the Airport Authority.

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

3. *Inventories, Prepaid Items and Deferred Asset*

Inventories are valued at cost, which approximates market, using the first-in/first-out method. The costs of governmental fund-type inventories are primarily recorded as expenditures when purchased rather than when consumed.

Payments made to vendors for services that will benefit periods beyond December 31, 2004, are recorded as prepaid items.

In-kind services are due to the County from the sale of the Ingham Medical Center. The services will be provided over several years. The value of these in-kind services have been recorded as a deferred asset since the County accepted these services in lieu of a cash settlement. Accordingly, deferred revenue has been recorded in an amount equal to the deferred asset.

4. *Restricted Assets*

Certain revenues and resources in the proprietary fund types are classified as restricted assets on the statement of net assets because their use is limited. The restricted assets in the Housing Commission include a "subsidy receivable from Federal Government for debt service" account which is used to report the agreement between the Ingham County Housing Commission and the U.S. Department of Housing and Urban Development (HUD). The "escrow account for insurance claims" in the insurance related internal service funds is used to report funds on deposit with insurance carriers and service agencies. The Medical Care Facility's restricted assets are funds that are required to be used for capital acquisitions. In addition, the Housing Commission and Fair Board funds hold customer deposits. Restricted assets that are not available for current operations are not considered cash equivalents.

5. *Capital Assets*

Capital assets, which include property and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$1,000 (\$500 for computer equipment) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are depreciated using the straight line method over the useful life of the assets as follows:

Buildings and improvements	30 years
Equipment (computer, office and vehicles)	3 - 10 years

For the Road Commission component unit, capital assets are depreciated primarily by the straight-line method as follows:

	<u>Useful Life</u>
Buildings	40 years
Equipment	5-10 years
Infrastructure	8-50 years

For the Drain Commission Component Unit, the drain infrastructure is depreciated using the straight-line method over a useful life of 30 years.

Infrastructure for the Road Commission and Drain Commission component units has been recorded retrospectively beginning in 1980.

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

6. *Compensated Absences*

Under existing general County rules and regulations, all regular full-time employees are eligible for paid leave in varying amounts based on length of service, which may be used for vacation, sickness, personal days, or for other reasons subject to certain rules. Unused paid leave time is paid upon employee termination, but does not accumulate beyond maximums determined by length of service. This leave time is accrued when incurred in the government-wide and proprietary fund financial statements. Accrued vacation, sick leave and other compensated absences are recorded as a governmental fund liability only if these amounts have matured as the result of employee resignations or retirements.

7. *Long-term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Fund Equity*

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

9. *Budget Stabilization Fund*

In April, 1983, the Budget Stabilization Ordinance was adopted by the Board of Commissioners per Resolution 83-74. This ordinance authorized the creation of a budget stabilization fund. Initial funding was provided for in the General Appropriation Resolution 84-171. The money in the Budget Stabilization Fund may only be appropriated by a resolution adopted by two-thirds vote of the Board of Commissioners for the purposes stated in the Budget Stabilization Ordinance.

10. *Current and Contingent Claims*

The current and contingent claims expense shown in the internal service funds represents the net increase in the accrued liability for known claims and, where applicable, claims incurred but not reported. Claims paid during the fiscal year that were not previously accrued are also included here. See Note #IV A. "Risk Management" for additional detail.

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual appropriated budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year end.

The General Fund budget and the budgets for the following special revenue funds are adopted on an activity and cost category basis as submitted or specified by the State Uniform Chart of Accounts:

- Friend of the Court Service
- Health Department
- Work Study Program
- Anti-Drug Abuse Grant
- Community Corrections
- Family Court Child Care
- Cooperative Reimbursement Prosecuting Attorney

Budgets for these funds are legally adopted using the following cost categories:

- Personnel Service
- Professional and contractual
- Transportation
- Supplies
- Other
- Capital outlay
- Debt service

Other funds for which budgets are required by the Michigan Uniform Budgeting and Accounting Act are adopted on an activity and fund basis. This includes all special revenue funds not specified above, including the Parks, Family Independence Agency Child Care, Social Welfare, and Veterans' Trust funds which are overseen by boards other than the Board of Commissioners.

Prior to October 1, County departments, in conjunction with the Controller's staff, prepare and submit their proposed operating and capital budgets for the calendar year commencing the following January 1. Both the operating and capital budgets include proposed expenditures and the resources to finance them. The budget includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Prior to December 31, the proposed budget is presented to the County Board of Commissioners. The Board holds public hearings and may add to, subtract from or change appropriations. The budget is then legally enacted through passage of a Board resolution. Any changes in the budget must be within the revenues and reserves estimated as available by the County Controller or the revenue estimates must be changed by an affirmative vote of a majority of the Board of Commissioners.

For internal purposes, budgetary control over expenditures is maintained at the line-item level for most governmental funds. The Board of Commissioners, however, has authorized the Controller to make budgetary transfers between all budgeted funds, activities and line-items where determined necessary by the Controller to ensure budgetary compliance at the activity and/or cost category basis. Supplemental budgetary appropriations were made during the year, but were not in amounts considered material for specific disclosure herein.

During the year ended December 31, 2004, there were no expenditures in excess of budgeted amounts at the activity or cost category level, as applicable.

B. Deficit Fund Equity

At December 31, 2004, the Regular Drain capital projects fund (a fund of the Drain Commission, a discretely presented component unit) had a deficit fund balance of \$2,509,722. As deferred revenues related to special assessments are recognized as revenue in succeeding years, this deficit will be eliminated.

At December 31, 2004, the GIS Study capital projects fund (a fund of the Drain Commission, a discretely presented component unit) had a deficit of \$81,950. The Drain Commission is currently soliciting contributions from other governmental units to fund this project and to eliminate the deficit.

At December 31, 2004, the Cook and Thorburn capital projects fund (a fund of the Drain Commission, a discretely presented component unit) had a deficit of \$2,403.

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The County Treasurer maintains a cash management pool that is available for use by all funds and component units. Each fund type's portion of the pool is included in "cash and cash equivalents" in the statement of net assets. Interest earned from investments purchased with pooled cash is allocated to all debt service funds, certain special revenue funds, certain fiduciary funds and certain proprietary funds on the basis of average cash balance maintained. The remaining interest earned is allocated to the General Fund.

In addition to the cash management pool, a substantial number of "depository" accounts are maintained by various County Departments for the deposit of fees, fines, and other miscellaneous revenue. These revenues are transferred to the County Treasurer on a regular basis. "Depository" accounts are also used, in some instances, where the County acts as a collection agent, e.g., court-ordered child support. Year-end book balances in these "depository" accounts are included in cash for reporting purposes.

A reconciliation of cash and cash equivalents per the financial statements follows:

Statement of Net Assets							
Financial Statements:	Primary Government	Component Units			Fiduciary Funds	Total	
		Road Commission	Economic Development	Drain Commission			
	Cash and cash equivalents	\$ 59,440,190	\$ 1,945,195	\$ 3,771	\$ 5,475,543	\$ 8,073,069	\$ 74,937,768
	Restricted assets - cash and cash equivalents	7,412,341	-	-	-	-	7,412,341
		<u>\$ 66,852,531</u>	<u>\$ 1,945,195</u>	<u>\$ 3,771</u>	<u>\$ 5,475,543</u>	<u>\$ 8,073,069</u>	<u>\$ 82,350,109</u>
Notes to Financial Statements:							
Deposits						\$ 38,768,989	
Investments						40,058,617	
Cash on hand						41,060	
Net effect of funds with different fiscal year ends						3,568,225	
Less Joint Building Authority's share of pool						(86,782)	
						<u>\$ 82,350,109</u>	

Due to the nature of the County's cash management pool, it is not possible to segregate deposits and investments between the primary government and the component units. The same is true for FDIC insurance coverage. Accordingly, only reporting entity totals are shown for the deposits and investments, as well as the FDIC coverage.

Deposits

At year end, the carrying amount of the County's deposits was \$38,768,989 and the bank balance was \$40,921,956. Of the bank balance, \$2,739,809 was covered by federal depository insurance and \$38,182,147 was neither insured nor collateralized.

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Due to significantly higher cash flow at certain periods during the year, the amount the County held as cash or temporary investments increased significantly. As a result the amounts of uninsured and uncollateralized cash and temporary investments were substantially higher at these peak periods than at year end.

Deposits are in several financial institutions located in the State of Michigan in varying amounts. County policy limits the Treasurer's investing options to financial institutions and instruments as prescribed by State law. All accounts are in the name of the County Treasurer or a component unit of the County and are recorded in County records at fair value. Interest is accrued monthly and is credited to the applicable account.

Investments. The County's investments are categorized as either: (1) insured or registered, or securities held by the County or its agent in the County's name; (2) uninsured or unregistered, with securities held by the counterparty's trust department or agent in the County's name; or (3) uninsured or unregistered, with securities held by the counterparty, or by its trust department or agent but not in the County's name.

	Categories			Fair Value
	1	2	3	
Investments:				
Commercial paper	\$ -	\$ 10,105,260	\$ -	\$ 10,105,260
U.S. government obligations	-	-	24,638,357	24,638,357
	<u>\$ -</u>	<u>\$ 10,105,260</u>	<u>\$ 24,638,357</u>	34,743,617
Unclassified as to risk:				
Governmental liquid asset funds				<u>5,315,000</u>
Total Investments				<u>\$ 40,058,617</u>

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

B. Receivables/Deferred Revenue

Receivables in the governmental activities are as follows:

Property taxes	<u>\$ 47,690,989</u>
Other:	
Accounts	1,103,056
Interest	222,176
Intergovernmental	<u>10,604,490</u>
	<u>11,929,722</u>
Total	<u>\$ 59,620,711</u>

Receivables in the business-type activities are composed of the following:

Delinquent property taxes	<u>\$ 7,888,292</u>
Other:	
Accounts	66,813
Interest	32,975
Intergovernmental	83,940
Leases	9,425,000
Patient	1,437,661
Loans	977,381
Less: allowance for doubtful accounts	<u>(157,341)</u>
	<u>11,866,429</u>
Total	<u>\$ 19,754,721</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in governmental activities were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable:		
General Fund	\$ -	\$ 28,434,530
Emergency Telephone Fund	-	5,039,008
County Transportation System	-	2,625,082
Juvenile Justice Millage	-	3,931,341
Long-term receivables included in deferred assets	4,075,760	-
Grant revenues received in advance of being earned	<u>-</u>	<u>1,308,318</u>
	<u>\$ 4,075,760</u>	<u>\$ 41,338,279</u>

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

C. Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 4,809,611	\$ -	\$ -	\$ 4,809,611
Construction in progress	652,249	2,346,547	17,738	2,981,058
Total capital assets, not being depreciated	5,461,860	2,346,547	17,738	7,790,669
Capital assets, being depreciated:				
Buildings and improvements	70,972,667	163,760	-	71,136,427
Equipment and furniture	18,016,590	1,430,064	672,949	18,773,705
Total capital assets being depreciated	88,989,257	1,593,824	672,949	89,910,132
Less accumulated depreciation for:				
Buildings and improvements	26,996,131	2,367,421	-	29,363,552
Equipment and furniture	11,660,759	2,264,812	655,357	13,270,214
Total accumulated depreciation	38,656,890	4,632,233	655,357	42,633,766
Total capital assets, being depreciated, net	50,332,367	(3,038,409)	17,592	47,276,366
Governmental activities capital assets, net	\$ 55,794,227	\$ (691,862)	\$ 35,330	\$ 55,067,035
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 464,990	\$ -	\$ -	\$ 464,990
Construction in progress	-	159,054	-	159,054
Total capital assets, not being depreciated	464,990	159,054	-	624,044
Capital assets, being depreciated:				
Buildings and improvements	17,154,233	44,950	417,465	16,781,718
Machinery and equipment	2,035,427	24,852	833,310	1,226,969
Total capital assets, being depreciated	19,189,660	69,802	1,250,775	18,008,687
Less accumulated depreciation for:				
Buildings and improvements	9,254,819	502,208	417,465	9,339,562
Machinery and equipment	1,674,868	94,764	833,310	936,322
Total accumulated depreciation	10,929,687	596,972	1,250,775	10,275,884
Total capital assets, being depreciated, net	8,259,973	(527,170)	-	7,732,803
Business-type activities capital assets, net	\$ 8,724,963	\$ (368,116)	\$ -	\$ 8,356,847

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
General Government	\$ 1,542,550
Public Safety	874,965
Judicial	86,817
Health	1,045,709
Culture and Recreation	274,608
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets	807,584
Total depreciation expense - governmental activities	\$ 4,632,233
Business-type activities:	
Medical Care Facility	\$ 362,136
Delinquent Tax Revolving	3,972
Housing Commission	137,484
Fair Board	90,782
Inmate Stores	2,598
Total depreciation expense-business-type activities	\$ 596,972

Discretely Presented Component Units

Drain Commission. Activity for the Drain Commission for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 9,647,681	\$ 4,869,732	\$ -	\$ 14,517,413
Capital assets, being depreciated -				
Equipment	1,243,449	15,737	-	1,259,186
Infrastructure	25,601,230	-	-	25,601,230
Total capital assets being depreciated	26,844,679	15,737	-	26,860,416
Less accumulated depreciation for -				
Equipment	1,147,472	33,630	-	1,181,102
Infrastructure	7,907,975	853,374	-	8,761,349
Total accumulated depreciation	9,055,447	887,004	-	9,942,451
Total capital assets being depreciated, net	17,789,232	(871,267)	-	16,917,965
Drain Commission capital assets, net	\$ 27,436,913	\$ 3,998,465	\$ -	\$ 31,435,378

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Activity for the Road Commission for the year ended December 31, 2004 was as follows:

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
Capital assets not being depreciated:				
Land	\$ 2,030,757	\$ -	\$ -	\$ 2,030,757
Land improvements	15,122,654	636,095	-	15,758,749
	<u>17,153,411</u>	<u>636,095</u>	<u>-</u>	<u>17,789,506</u>
Capital assets being depreciated:				
Buildings and improvements	5,979,034	113,415	-	6,092,449
Road equipment	8,397,850	629,734	335,546	8,692,038
Shop equipment	196,338	50,630	13,360	233,608
Office equipment	803,281	26,625	-	829,906
Engineers' equipment	127,918	-	4,675	123,243
Yard and storage	231,607	-	-	231,607
Signals	51,877	-	-	51,877
Infrastructure - Roads	96,875,576	4,361,867	-	101,237,443
Infrastructure - Bridges	8,309,271	62,463	-	8,371,734
Infrastructure - Subdivisions	-	2,408,314	-	2,408,314
	<u>120,972,752</u>	<u>7,653,048</u>	<u>353,581</u>	<u>128,272,219</u>
Subtotal				
Accumulated depreciation				
Buildings and improvements	2,297,885	157,283	-	2,455,168
Road equipment	6,966,144	595,217	335,231	7,226,130
Shop equipment	174,340	7,863	13,360	168,843
Office equipment	536,703	96,770	-	633,473
Engineers' equipment	93,173	9,295	4,675	97,793
Yard and storage	177,384	6,518	-	183,902
Signals	-	3,458	-	3,458
Infrastructure - Roads	49,466,627	4,125,890	-	53,592,517
Infrastructure - Bridges	1,535,725	166,186	-	1,701,911
	<u>61,247,981</u>	<u>5,168,480</u>	<u>353,266</u>	<u>66,063,195</u>
Total accumulated depreciation				
Total capital assets being depreciated - net	<u>59,724,771</u>	<u>2,484,568</u>	<u>315</u>	<u>62,209,024</u>
Governmental activities capital assets - net	<u><u>\$ 76,878,182</u></u>	<u><u>\$ 3,120,663</u></u>	<u><u>\$ 315</u></u>	<u><u>\$ 79,998,530</u></u>

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

D. Interfund Receivables, Payables and Transfers

	<u>Receivable</u>	<u>Payable</u>
Due from/to other funds:		
General Fund	\$ 2,933,279	\$ 1,037,452
Health Department	483,988	199,014
Emergency Telephone Fund	122	69
Revenue Sharing Reserve Fund	-	2,119,239
Medical Care Facility	55,685	129,403
Nonmajor governmental funds	1,467,562	1,241,732
Nonmajor enterprise funds	1,414	3,142
Internal service funds	626,049	631,236
Total per financial statements	<u>5,568,099</u>	<u>5,361,287</u>
Adjustments for different fiscal year end:		
Health Department FYE 9/30/04	182,719	318,895
FIA Child Care FYE 9/30/04	6,692	127,462
Fair Board FYE 10/31/04	50,134	-
	<u>239,545</u>	<u>446,357</u>
Total	<u>\$ 5,807,644</u>	<u>\$ 5,807,644</u>
Advances to/from other funds		
General Fund	\$ 1,534,289	\$ -
Medical Care Facility	-	861,788
Nonmajor governmental funds	-	49,759
Nonmajor enterprise funds	-	204,569
Internal service funds	-	418,173
Total	<u>\$ 1, 534,289</u>	<u>\$ 1,534,289</u>
Interfund receivable/payable		
General Fund	\$ 4,576,228	\$ -
Health Department	-	1,677,552
Nonmajor governmental funds	-	2,885,425
Nonmajor enterprise funds	-	13,251
Total	<u>\$ 4,576,228</u>	<u>\$ 4,576,228</u>
Due from/to component units and primary government		
General Fund	\$ 500	\$ -
Drain Commission component unit	-	500
Total	<u>\$ 500</u>	<u>\$ 500</u>

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

	<u>Receivable</u>	<u>Payable</u>
Advances to/from component units and primary government		
General Fund	\$ 377,500	\$ -
Drain Commission component unit	<u>-</u>	<u>377,500</u>
Total	<u>\$ 377,500</u>	<u>\$ 377,500</u>

The County reports interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The advance from the General Fund to the Medical Care Facility was executed in order to finance a capital expansion and renovation project. The advance from the General Fund to all other funds was made in order to assist the cash position of those funds. The advance from the General Fund to component units was executed in order to assist the cash position (cash flow) of the drain commission component unit capital project activities.

Interfund transfers	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 4,558,859	\$ 17,993,029
Health Department	8,533,493	95,024
Revenue Sharing Reserve	-	2,119,239
Delinquent Tax Revolving	-	2,025,000
Nonmajor governmental funds	14,147,439	2,322,814
Nonmajor enterprise funds	124,693	1,052
Internal service funds	<u>192,991</u>	<u>2,701,718</u>
Total per financial statements	27,557,475	27,257,876
 Adjustments for different fiscal year end		
Health Department FYE 9/30/04	49,875	161,102
FIA Child Care FYE 9/30/04	-	189,371
Fair Board FYE 10/31/04	<u>1,350</u>	<u>351</u>
	<u>\$ 27,608,700</u>	<u>\$ 27,608,700</u>

Transfers are used to: (1) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations or (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

E. Payables

Accounts payable and accrued liabilities in the governmental activities are as follows:

Accounts	\$ 9,041,294
Interest	442,278
Wages, fringe benefits and other accrued liabilities	4,225,487
Long-term retro-pay	223,907
Intergovernmental	334,498
	<u>\$ 14,267,464</u>

Accounts payable and accrued liabilities in the business-type activities are as follows:

Accounts	\$ 419,798
Interest	127,764
Wages, fringe benefits and other accrued liabilities	622,852
Accrued expenses and deposits	72,451
	<u>\$ 1,242,865</u>

F. Leases

Capital Leases. The County has entered into lease agreements as lessee for financing the acquisition of networking equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The assets acquired through capital leases and included in governmental activities are as follows:

Machinery and equipment	\$ 1,361,447
Less accumulated depreciation	592,725
	<u>\$ 768,722</u>

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2004, were as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>
2005	\$ 132,602
2006	132,601
2007	132,601
2008	<u>100,107</u>
Total minimum lease payments	497,911
Less amount representing interest	<u>(41,093)</u>
Present value of minimum lease payments	<u>\$ 456,818</u>

Operating Leases. The government leases certain buildings and office space under noncancellable operating leases. Total costs for such leases were \$743,557 for the year ended December 31, 2004. Future minimum lease payments for these leases are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Joint Building Authority Lease</u>	<u>Other Leases</u>	<u>Total</u>
2005	\$ 504,948	\$ 179,284	\$ 684,232
2006	507,371	135,926	643,297
2007	508,798	89,233	598,031
2008	509,517	91,610	601,127
2009	511,833	40,721	552,554
2010-2014	2,586,582	122,040	2,708,622
2015-2019	<u>2,596,987</u>	<u>-</u>	<u>2,596,987</u>
	<u>\$ 7,726,036</u>	<u>\$ 658,814</u>	<u>\$ 8,384,850</u>

Operating Leases (Lessor). The County leases certain buildings and office space to other agencies under cancelable lease agreements. The lease payments are charged other governmental entities at the pro-rata portion of the related debt service payments plus maintenance costs. The assets leased to other governmental entities under such arrangements were included in governmental activities at December 31, 2004, and were as follows:

Building and improvements	\$ 20,790,387
Less accumulated depreciation	<u>8,330,638</u>
	<u>\$ 12,459,749</u>

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

G. Long-Term Debt

PRIMARY GOVERNMENT

Governmental Activities. Long-term liability activity for governmental activities for the year ended December 31, 2004 was as follows:

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2004</u>	<u>Due Within One Year</u>
General obligation debt	\$ 31,385,000	\$ -	\$ 3,115,000	\$ 28,270,000	\$ 1,745,000
Installment purchase	-	1,594,754	-	1,594,754	136,380
Capital leases	571,587	25,030	139,799	456,818	115,830
Other debt	228,140	-	20,440	207,700	21,151
Net compensated absences	<u>3,042,628</u>	<u>4,196,099</u>	<u>4,018,661</u>	<u>3,220,066</u>	<u>1,853,383</u>
Total	<u>\$ 35,227,355</u>	<u>\$ 5,815,883</u>	<u>\$ 7,293,900</u>	<u>\$ 33,749,338</u>	<u>\$ 3,871,744</u>

General Obligation Bonds. The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the County and pledge the County's full faith and credit. General obligation bonds currently outstanding are as follows:

	<u>Balance December 31, 2004</u>
\$21,665,000 1996 Ingham County Building Authority Refunding and Human Services Building serial bonds, due in annual installments of \$315,000 to \$2,135,000 through November 1, 2016; interest at 4.35% to 5.125%; callable on or after November 1, 2005, at par plus a premium of 1.0%	\$ 6,115,000
\$12,735,000 1998 Ingham County Building Authority and Building Authority Refunding Bonds, due in annual installments of \$370,000 to \$925,000 through July 1, 2018; interest at 4.3% to 5.0%; callable on or after July 1, 2008 at par	9,960,000
\$10,500,000 2002 Ingham County Building Authority, due in annual installments of \$150,000 to \$840,000 through October 1, 2021; interest at 3.6% to 5.0%	9,950,000
\$2,325,000 2003 Ingham County Building Authority, due in annual installments of \$80,000 to \$180,000 through October 1, 2022; interest at 2.5% to 4.1%	<u>2,245,000</u>
Total General Obligation Bonds	<u>\$ 28,270,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Fiscal Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 1,745,000	\$ 1,298,894
2006	1,840,000	1,224,686
2007	1,930,000	1,145,305
2008	2,030,000	1,060,616
2009	1,950,000	970,786
2010-2014	8,800,000	3,573,795
2015-2019	7,795,000	1,551,836
2020-2022	<u>2,180,000</u>	<u>167,425</u>
Total	<u>\$ 28,270,000</u>	<u>\$ 10,993,343</u>

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Installment Purchase. In 2004, the County entered into an installment purchase agreement in the amount of \$1,594,754 to make energy efficiency improvements to its facilities. Monthly installment payments of \$191,078, including interest at 3.43% on the unpaid balance, are required through August 31, 2014. The balance of the installment purchase agreement at December 31, 2004 is \$1,594,754.

Annual debt service requirements to maturity for the installment purchase agreement are as follows:

Fiscal Year Ending December 31	Governmental Activities	
	Principal	Interest
2005	\$ 136,380	\$ 54,698
2006	141,058	50,020
2007	145,896	45,182
2008	150,900	40,178
2009	156,076	35,002
2010-2014	<u>864,444</u>	<u>90,946</u>
Total	<u>\$ 1,594,754</u>	<u>\$ 316,026</u>

Other Debt. Other debt has been incurred for both general government and proprietary activities. Debt applicable to proprietary activities is accounted for in the applicable proprietary fund.

Other general government debt as of December 31, 2004, consists of:

\$90,733 Special Drain Assessments at Large levied against Ingham County; annual installments of \$4,401 through 2002 and \$4,560 thereafter through 2019; interest at 4.6%	\$ 68,409
\$52,725 Special Drain Assessment at Large levied against Ingham County; annual installments of \$7,125 to \$9,261; Interest at 5%	17,812
\$137,341 Special Drain Assessment at Large levied against Ingham County; annual installments of \$137,341	<u>121,479</u>
Total	<u>\$ 207,700</u>

Annual debt service requirements to maturity for other general government debt (i.e., drain assessments) are as follows:

Fiscal Year Ending December 31	Governmental Activities	
	Principal	Interest
2005	\$ 21,152	\$ 4,028
2006	22,298	3,396
2007	13,035	2,727
2008	13,254	2,517
2009	13,470	2,308
2010-2014	70,393	8,391
2015-2019	<u>54,098</u>	<u>3,147</u>
Total	<u>\$ 207,700</u>	<u>\$ 26,514</u>

Compensated absences have typically been liquidated by the General Fund in prior years.

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Business-type Activities. Long-term liability activity for the business-type activities for the year ended December 31, 2004 was as follows:

	Balance January 1, 2004	Additions	Reductions	Balance December 31, 2004	Due Within One Year
General obligation bonds payable	\$ 10,580,000	\$ -	\$ 1,155,000	\$ 9,425,000	\$ 1,205,000
Delinquent tax notes payable	4,900,000	11,500,000	4,900,000	11,500,000	11,500,000
HUD Permanent note payable	20,000	-	-	20,000	-
Compensated absences	<u>274,547</u>	<u>507,268</u>	<u>499,327</u>	<u>282,488</u>	<u>282,488</u>
Total	<u>\$ 15,774,547</u>	<u>\$ 12,007,268</u>	<u>\$ 6,557,327</u>	<u>\$ 21,227,488</u>	<u>\$ 12,987,488</u>

At December 31, 2004, the County had outstanding \$11,500,000 of short-term general obligation tax notes. The tax notes carry a variable interest rate tied to an Eurodollar base rate. At December 31, 2004, the interest rate was 2.48%. All revenue related to 2004 delinquent real property taxes have been pledged as security for the notes.

A debt service requirement is not available for the Housing Commission's HUD permanent note. This note is guaranteed by the Federal Government. The Housing Commission has entered into an Annual Contribution Contract with the U.S. Department of Housing and Urban Development (HUD) under provisions of the United States Housing Act of 1937. In accordance with this contract, the Housing Commission receives annually a contribution from the Federal Government for debt service.

General obligation bonds. The County issues general obligation bonds for the acquisition and construction of water and sewer systems in local municipalities. General obligation bonds are direct obligations of the County and pledge the County's full faith and credit. General obligation bonds currently outstanding are as follows:

\$1,395,000 2002 Ingham County Sewage Disposal Bonds (City of Williamston), due in annual installments of \$20,000 to \$140,000 through May 1, 2022; interest at 4.5% to 5.1%.	\$ 1,375,000
\$490,000 1995 Ingham County Water Supply No. 2 serial bonds, due in annual installments of \$25,000 to \$30,000 through April 1, 2016; interest at 5.2% to 6.0%; callable on or after April 1, 2004, at par plus a premium of 0.0% to 1.0%	360,000
\$1,955,000 1978 Ingham County Sanitary Sewage Disposal System No. 2 serial bonds due in annual installments of \$75,000 to \$100,000 through Nov. 1, 2005; interest at 5.5% to 5.6%; callable on or after November 1, 1986, at par plus a premium of 1.0% to 3.0%	75,000
\$575,000 1997 Ingham County Water Supply No. 1 (City of Leslie) serial bonds due in annual installments of \$30,000 to \$55,000 through April 1, 2012; interest at 4.7% to 5.5%; callable on or after May 1, 2007, at par plus a premium of .50% to 1.0%	365,000

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

\$9,010,000 1998 Ingham County Refunding Bonds (Sanitary Sewer Projects No. 3 and 4), due in annual installments of \$400,000 to \$935,000 through November 1, 2012; interest at 3.00% to 4.15%

\$ 5,470,000

\$1,980,000 2001 Ingham County Sewage Disposal Bonds (Alaiedon Township), due in annual installments of \$100,000 to \$105,000 through November 1, 2021; interest at 4.0% to 5.1%

1,780,000

\$ 9,425,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ending December 31	Business-type Activities	
	Principal	Interest
2005	\$ 1,205,000	\$ 438,578
2006	755,000	388,474
2007	790,000	357,116
2008	825,000	323,728
2009	865,000	288,185
2010-2014	3,295,000	782,250
2015-2019	1,085,000	289,044
2020-2022	605,000	41,534
	\$ 9,425,000	\$ 2,908,909

ROAD COMMISSION

Changes in Long-Term Liabilities. Long-term liability activity for the governmental activities for the year ended December 31, 2004, was as follows:

	Balance January 1, 2004	Additions	Reductions	Balance December 31, 2004	Due Within One Year
MTF bonds payable	\$ 630,000	\$ -	\$ 305,000	\$ 325,000	\$ 325,000
Land contract and installment purchase	260,241	-	129,301	130,940	98,580
Settlements	-	85,000	28,333	56,667	28,333
Net compensated absences	<u>729,201</u>	<u>19,143</u>	<u>-</u>	<u>748,344</u>	<u>355,124</u>
Total	<u>\$ 1,619,442</u>	<u>\$ 104,143</u>	<u>\$ 462,634</u>	<u>\$ 1,260,951</u>	<u>\$ 807,037</u>

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

MTF Bonds Payable. The Road Commission is obligated for a 1995 Michigan Transportation Fund Note, dated June 22, 1995, in the original amount of \$2,500,000. Payments are due in annual installments increasing from \$240,000 to \$325,000 through August 1, 2005 with interest ranging 4.95% to 5.15% payable semi-annually. At December 31, 2004, the outstanding principal balance is \$325,000.

Land Contract. In 1995, the Road Commission entered into a land contract in the amount of \$600,000 (original cost of \$700,000, less downpayment of \$100,000) for the purchase of land. Monthly installment payments of \$6,010, including interest at 5.50% on the unpaid balance, are required through June 15, 2005. The balance of the contract at December 31, 2004 is \$35,532.

Installment Purchases. The Road Commission has one outstanding installment purchase agreement for the acquisition of certain heavy equipment. Each contract is secured by the equipment. Payments are due in quarterly installments of \$16,393, including interest of 3.5% per annum. Final payment is due May 15, 2006. The balance of the installment purchase agreement at December 31, 2004 is \$95,408.

The annual requirements to pay principal and interest based on debt outstanding at December 31, 2004, excluding compensated absences, are as follows:

Year Ending December 31,	Governmental Activities			
	Installment Lease/ Land Contract		Bonds	
	Principal	Interest	Principal	Interest
2005	\$ 98,580	\$ 3,052	\$ 325,000	\$ 16,738
2006	32,360	427	-	-
Total	<u>\$ 130,940</u>	<u>\$ 3,479</u>	<u>\$ 325,000</u>	<u>\$ 16,738</u>

DRAIN COMMISSION

Changes in Long-Term Liabilities. During the year ended December 31, 2004, the following changes occurred in liabilities reported in the Drain Commission's long-term debt:

	Balance January 1, 2004	Additions	Reductions	Balance December 31, 2004	Due Within One Year
Special assessment debt	\$ 15,465,200	\$ 926,016	\$ 889,200	\$15,502,016	\$ 1,060,888
Drain notes	4,380,520	3,788,680	4,380,520	3,788,680	3,788,680
Compensated absences	25,004	48,097	47,998	25,103	25,103
	<u>\$ 19,870,724</u>	<u>\$ 4,762,793</u>	<u>\$ 5,317,718</u>	<u>\$19,315,799</u>	<u>\$ 4,874,671</u>

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Special Assessment Debt. Special assessment debt is issued for the construction and maintenance of County drains. Notes and bonds issued by the Ingham County Drain Commission are generally collateralized by the full faith and credit of the drainage districts and the County of Ingham. Special assessment debts currently outstanding are as follows:

	Balance December 31, <u>2004</u>
\$4,075,000 Tollgate Drainage District serial bonds due in annual installments of \$140,000 to \$330,000 through October 1, 2016; interest at 4.8% to 6.8%; callable on or after October 1, 2006, at par	\$ 2,975,000
\$2,985,000 Groesbeck Park Drainage District serial bonds due in annual installments of \$145,000 to \$150,000 through June 1, 2019; interest at 4.25% to 5.15%; callable on or after May 1, 2009, at par	2,250,000
\$370,000 Tollgate Series II Drainage District serial bonds due in annual installments of \$45,000 to \$65,000 through October 1, 2006; interest at 4.70% to 6.70%	125,000
\$485,000 Webberville No. 2 Drainage District serial bonds due in annual installments of \$30,000 to \$50,000 through August 1, 2014; interest at 4.70% to 6.5%	300,000
\$523,000 consisting of two drain notes issued in 1999 due in annual installments of \$11,000 to \$100,200 through July 1, 2006; interest at 4.25% to 4.78%	22,000
\$926,016 consisting of four drain notes issued in 2004 due in annual installments of \$19,950 to \$150,888 through July 1, 2006; interest at 2.97% to 3.99%	926,016
\$440,000 consisting of one drain note issued in 2000 due in annual installments of \$44,000 through June 15, 2010; interest at 5.7%	264,000
\$2,035,000 Tobias Linn Road Branch Draining District serial bonds due in annual installments of \$40,000 to \$105,000 through August 1, 2022; interest at 4.0% to 5.0%	1,890,000
\$2,415,000 2003 Diehl Drainage District serial bonds due in annual installments of \$40,000 to \$125,000 through May 1, 2023; interest at 2.5% to 4.25%	2,375,000
\$720,000 2003 Stoner-Clement Drainage District serial bonds due in annual installments of \$35,000 to \$40,000 through May 1, 2023; interest at 3.2% to 5.2%	720,000
\$750,000 2003 Cook and Thorburn Drainage District serial bonds due in annual installments of \$35,000 to \$40,000 through May 1, 2023; interest at 3.25% to 5.25%	750,000
\$750,000 2003 Kalamink Drainage District serial bonds due in annual installments of \$35,000 to \$40,000 through May 1, 2024; interest at 3.2% to 4.85%	750,000
\$2,155,000 2003 Auctioneer Drainage District serial bonds, due in annual installments of \$105,000 to \$110,000 through May 1, 2024; interest at 2.625% to 4.6%	<u>2,155,000</u>
Total Special Assessment Debt	<u>\$ 15,502,016</u>

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Annual debt service requirements to maturity for Drain Commission special assessment debt are as follows:

Fiscal Year Ending December 31	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 1,060,888	\$ 695,951
2006	1,100,887	650,408
2007	1,032,887	603,519
2008	1,056,887	562,924
2009	1,064,887	521,054
2010-2014	4,650,580	1,819,593
2015-2019	3,670,000	803,760
2020-2024	<u>1,865,000</u>	<u>178,783</u>
Total	<u>\$ 15,502,016</u>	<u>\$ 5,835,992</u>

Short-term special assessment drain notes payable totaling \$3,788,680 were outstanding at year end. These notes were issued at interest rates of 1.95% to 2.24% and are due at various dates through November 2005.

IV. OTHER INFORMATION

A. Risk Management / Self-Insurance Programs

The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools and commercial insurance and excess coverage policies. On risks which are commercially insured, settlements have not exceeded insurance coverage in any of the past three years. Following is a summary of these self-insurance programs and risk management pool participation.

Liability. The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the Insurance Fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

Accordingly, because contributions to the member retention fund are essentially recognized as revenue by MMRMA to the extent of expenditures, the government records a restricted asset (i.e., "escrow account for insurance claims") and a related liability, equal to the loss reserves estimated by MMRMA, for its portion of the unexpended member retention fund. At December 31, 2004, the balance of the County's member retention fund was \$693,863.

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Under most circumstances, the County's maximum loss retention per occurrence was as follows:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General and automobile liability	\$150,000
Motor vehicle physical damage	\$16,000 per vehicle \$31,000 per occurrence
Property damage	\$11,000

Changes in the balances of claims liabilities during the past two years, including provision for incurred but not reported (IBNR) claims, are as follows:

	<u>2004</u>	<u>2003</u>
Unpaid claims, beginning of year	\$ 1,351,519	\$ 1,448,040
Incurred claims (including change in IBNR provision)	598,244	22,237
Claim payments	<u>(184,074)</u>	<u>(118,758)</u>
Unpaid claims, end of year	<u>\$ 1,765,689</u>	<u>\$ 1,351,519</u>

Employee Benefits. The County pays insurance premiums for its employee health insurance, but is self insured for dental and vision coverage. These plans are accounted for in an internal service fund (i.e., the Employee Benefits Fund). The self-insured programs are administered by third-party administrators who provide claims review and processing services as well as illustrated premium rates, which are anticipated, over time, to approximate the actual cost of benefits.

Premiums for both commercial and self-insured programs are paid into the internal service funds by all other funds based on actual or illustrated rates. These premiums are used to purchase insurance coverage from commercial carriers or, in the case of the self-insured programs, are available to pay dental and vision claims and administrative costs.

Because management anticipates the illustrated self-insured premium rates to approximate actual costs over time and it believes that any liabilities for incurred but not reported (IBNR) claims at year end would be immaterial, no IBNR liability has been recorded.

Unemployment. The County is self-insured for unemployment benefits, which is also accounted for in the Employee Benefits Fund. The reserve for unemployment benefits is determined by management based on prior experience. Unemployment benefits are expended when paid:

	<u>2004</u>	<u>2003</u>
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	109,238	185,355
Claim payments	<u>(109,238)</u>	<u>(185,355)</u>
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ -</u>

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Workers' Compensation. The government maintains a self-insurance program for workers' compensation coverage which is accounted for in an internal service fund (i.e., the Workers' Compensation Fund) and the Medical Care Facility Enterprise Fund. The program is administered by a third-party administrator who conducts safety inspections and provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and job classifications and are available to pay claims, claim reserves, excess coverage and administrative costs.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$300,000 subject to an annual aggregate limit of \$5 million. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2004</u>	<u>2003</u>
Workers' Compensation Fund:		
Unpaid claims, beginning of year	\$ 240,093	\$ 529,517
Incurred claims (including IBNR's)	562,752	(87,459)
Claim payments	<u>(218,713)</u>	<u>(201,965)</u>
Unpaid claims, end of year	<u>\$ 584,132</u>	<u>\$ 240,093</u>
Medical Care Facility Fund:		
Unpaid claims, beginning of year	\$ 100,000	\$ 105,400
Incurred claims (including IBNR's)	95,476	15,105
Claim payments	<u>(95,476)</u>	<u>(20,505)</u>
Unpaid claims, end of year	<u>\$ 100,000</u>	<u>\$ 100,000</u>

B. Contingent Liabilities

Amounts received or receivable from grantor agencies and health care intermediaries, including Medicare and Medicaid, are subject to audit and adjustment by those grantor agencies or intermediaries. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors or intermediaries cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government and its component units, individually or jointly, are a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government and component unit's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

C. Commitments

The County is obligated for a construction contract related to an addition to the Medical Care Facility in the amount of \$2,800,314. The County has an obligation of \$8,829,683 to replace and upgrade the public safety radio communications system in Ingham County. In addition, \$893,007 remains outstanding at year end on the County's obligation for an energy study and upgrade.

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

D. Post-Employment Health Care and Life Insurance Benefits

In addition to providing pension benefits, the County provides certain health care and life insurance benefits for retired employees in accordance with negotiated labor agreements. Substantially all of the County's employees may become eligible for health insurance benefits and all full-time employees may become eligible for life insurance benefits if they reach normal retirement age while working for the County. At December 31, 2004, 363 retired employees were eligible to participate. The County incurred \$1,408,695 in post-employment benefit costs during 2004. These costs are recognized as an expense when claims or premiums are paid. Post-employment benefits are primarily funded by the County from current operating revenues; however, depending on the plan chosen, most participants are required to contribute at least partially to the premium costs.

E. Employee Retirement System and Plan

Plan Description

The County's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The County participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the Retirement Board of MERS. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917, or by calling (800) 767-6377.

Funding Policy

The County is required to contribute at an actuarially determined rate; the current rate is 6.45% to 32.09% of annual covered payroll, depending on the department or bargaining unit. County employees are required to contribute 0.0% to 19.61% of their annual covered payroll, depending on the department or bargaining unit. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the County Board of Commissioners, depending on the MERS contribution program adopted by the County.

Annual Pension Cost

For the year ended December 31, 2004, the County's annual pension cost of \$5,892,271 for MERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increase of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year after retirement for certain retirees depending on the benefit option selected. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The County's unfunded actuarial accrued liability is being amortized over a period of 30 years as a level percentage of projected payroll on an open basis as of December 31, 2004, the date of the latest actuarial valuation.

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/02	\$ 4,089,115	100%	\$ -
12/31/03	4,852,075	100	-
12/31/04	5,892,271	100	-

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/02	\$ 138,299,599	\$ 183,747,506	\$ 45,447,907	75%	\$ 47,549,076	96%
12/31/03	150,287,493	199,547,894	49,260,401	75	49,516,317	99
12/31/04	162,405,350	215,946,290	53,540,940	75	52,999,865	101

Component Unit Retirement Plan

The Ingham County Road Commission has a separate defined benefit pension plan that provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Road Commission participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917, or by calling (800) 767-6377.

The Road Commission is required to contribute at an actuarially determined rate; the current rate is 9.8% to 19.5% of annual covered payroll. Employees are currently not required to contribute to the Plan. The contribution requirements of the Road Commission are established by Act No. 427 of the Public Acts of 1984, as amended, and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the Road Commission.

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

For the year ended December 31, 2004, the Road Commission's annual pension cost of \$751,334 for MERS was equal to the Road Commission's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The Road Commission's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over 30 years, as of December 31, 2003, the date of the latest actuarial valuation.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/02	\$ 539,485	100%	\$ -
12/31/03	651,929	100	-
12/31/04	751,334	100	-

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/01	\$ 18,621,811	\$ 21,763,679	\$ 3,141,868	86%	\$ 4,439,099	71%
12/31/02	18,754,136	22,849,281	4,095,145	82	4,501,782	91
12/31/03	19,792,516	24,157,395	4,364,879	82	4,659,401	94

F. Deferred Asset

In 1992, the County sold the Ingham Medical Center to an unrelated party for approximately \$24.5 million. By the terms and conditions of the sales agreement, the County received \$15.6 million in cash, \$0.8 million in land and a letter of credit for \$8.1 million. Under the letter of credit, the County could utilize the services of the former Ingham Medical Center at no cash cost through the year 2007, with the value of such services being charged against the letter of credit balance. Any balance remaining on the letter of credit after the 15-year period would be paid in cash to the County. In 1997, the sales agreement was amended to provide for a stated annual amount to be paid to the County, in either in-kind services or cash, each year through 2011, plus interest at 7.0% on the outstanding balance.

Accordingly, the County has recorded a deferred asset and an offsetting deferred revenue in the General Fund for the remaining balance, which was \$4,075,760 at December 31, 2004. During 2004, the County received \$969,490 of in-kind services under the amended sales agreement, which included \$637,296 applied towards the principal balance.

INGHAM COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Concluded

G. Subsequent Events

On June 6, 2005, the County issued \$12,500,000 in short-term general obligation tax notes. All revenue related to 2005 delinquent real property taxes have been pledged as security for the notes.

H. Restatements

Net assets as of January 1, 2004, were restated as follows:

	Fund Financial Statements	Government-wide Financial Statements
	Non-Major Enterprise Funds	Business-type Activities
Enterprise Funds:		
Net assets, January 1, 2004, as previously reported	\$ 4,734,970	\$ 22,035,045
Decrease to properly recognize liability of Inmate Stores	(70,000)	(70,000)
Net assets, January 1, 2004, as restated	\$ 4,664,970	\$ 21,965,045

* * * * *

**COMBINING and INDIVIDUAL FUND
STATEMENTS and SCHEDULES**

MAJOR GOVERNMENTAL FUND

GENERAL FUND

Description of Fund

MAJOR GOVERNMENTAL FUND

GENERAL FUND

General Fund -- This fund is used to account for all financial transactions not required to be accounted for in another fund. Revenues in this fund are derived primarily from general property taxes, fees for services, interest, State and Federal distributions, grants, and other intergovernmental revenues. General operating expenditures of the County are accounted for in this fund, including the operation of general county government; boards; commissions; the court system; and the administration of law enforcement, health, welfare, and medical assistance programs.

INGHAM COUNTY
General Fund
Comparative Balance Sheets
December 31, 2004

	<u>2004</u>	<u>2003</u>
Assets		
Cash and cash equivalents	\$ 6,490,636	\$ 9,355,933
Property taxes receivable	23,612,853	36,560,770
Accounts receivable	363,794	140,837
Accrued interest receivable	133,138	99,260
Interfund receivable	4,576,228	3,379,703
Due from other funds	2,933,279	388,244
Due from component unit	500	-
Due from other governmental units	3,107,977	2,163,232
Prepaid items	471,403	119,716
Deferred asset	4,075,760	4,713,056
Advances to other funds	1,534,289	1,560,556
Advances to component unit	377,500	377,500
Total assets	<u>\$ 47,677,357</u>	<u>\$ 58,858,807</u>
Liabilities		
Accounts payable	\$ 739,574	\$ 550,719
Salaries and amounts withheld therefrom	1,023,390	1,449,345
Due to other governments	62,902	18,703
Due to other funds	1,037,452	1,434,666
Due to component unit	-	350
Deferred revenue	32,633,569	44,801,247
Total liabilities	<u>35,496,887</u>	<u>48,255,030</u>
Fund balance		
Reserved:		
Prepaid items	471,403	119,716
Advances to other funds/component units	1,911,789	1,938,056
Contingent claims	10,000	10,000
Unreserved:		
Designated for future expenditures	3,054,976	3,167,959
Undesignated	6,732,302	5,368,046
Total fund balance	<u>12,180,470</u>	<u>10,603,777</u>
Total liabilities and fund balances	<u>\$ 47,677,357</u>	<u>\$ 58,858,807</u>

INGHAM COUNTY, MICHIGAN
General Fund
Statement of Expenditures by Cost Category
Budget and Actual
For the Year Ended December 31, 2004

	Personnel Services				Professional and Contractual			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Public safety	\$ 16,087,955	\$ 15,979,638	\$ 16,070,774	\$ (91,136)	\$ 470,860	\$ 1,774,043	\$ 1,570,141	\$ 203,902
Judicial	7,854,079	7,818,995	7,637,207	181,788	1,983,550	1,976,759	1,957,320	19,439
Cultural	363,960	456,645	409,873	46,772	152,242	270,346	171,574	98,772
General government	10,091,379	10,273,387	10,232,246	41,141	904,851	1,122,404	1,012,275	110,129
Public works	-	-	-	-	-	-	-	-
Health	3,664	4,203	4,203	-	1,837,524	1,837,524	1,837,524	-
Welfare	241,690	246,794	246,794	-	-	-	-	-
Economic development	-	-	-	-	208,741	242,900	204,549	38,351
Total expenditures	\$ 34,642,727	\$ 34,779,662	\$ 34,601,097	\$ 178,565	\$ 5,557,768	\$ 7,223,976	\$ 6,753,383	\$ 470,593

	Transportation				Supplies			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Public safety	\$ 35,989	\$ 24,676	\$ 20,820	\$ 3,856	\$ 1,324,654	\$ 1,526,941	\$ 1,457,545	\$ 69,396
Judicial	171,208	175,255	165,683	9,572	230,920	243,551	212,335	31,216
Cultural	28,058	35,049	24,222	10,827	42,014	110,402	69,258	41,144
General government	154,142	137,587	127,047	10,540	424,511	430,248	411,197	19,051
Public works	200	200	-	200	450	450	-	450
Health	-	-	-	-	-	-	-	-
Welfare	350	515	515	-	8,000	10,045	9,561	484
Economic development	3,727	3,727	69	3,658	1,000	2,778	2,778	-
Total expenditures	\$ 393,674	\$ 377,009	\$ 338,356	\$ 38,653	\$ 2,031,549	\$ 2,324,415	\$ 2,162,674	\$ 161,741

	Other Expenditures				Total			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Public safety	\$ 2,033,049	\$ 1,727,589	\$ 1,196,578	\$ 531,011	\$ 19,952,507	\$ 21,032,887	\$ 20,315,858	\$ 717,029
Judicial	2,307,395	2,091,546	2,051,208	40,338	12,547,152	12,306,106	12,023,753	282,353
Cultural	121,194	157,735	139,898	17,837	707,468	1,030,177	814,825	215,352
General government	1,899,940	1,823,015	1,787,543	35,472	13,474,823	13,786,641	13,570,308	216,333
Public works	117,300	143,775	143,475	300	117,950	144,425	143,475	950
Health	675,544	668,791	668,791	-	2,516,732	2,510,518	2,510,518	-
Welfare	68,157	58,285	54,647	3,638	318,197	315,639	311,517	4,122
Economic development	24,575	557,523	319,138	238,385	238,043	806,928	526,534	280,394
Total expenditures	\$ 7,247,154	\$ 7,228,259	\$ 6,361,278	\$ 866,981	\$ 49,872,872	\$ 51,933,321	\$ 50,216,788	\$ 1,716,533

	Capital Outlay			
	Original Budget	Final Budget	Actual	Variance
Public safety	\$ 389,500	\$ 688,805	\$ 601,556	\$ 87,249
Judicial	-	2,426	1,033	1,393
Cultural	-	3,100	3,100	-
General government	-	1,858	1,807	51
Public works	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Economic development	-	-	-	-
Total expenditures	\$ 389,500	\$ 696,189	\$ 607,496	\$ 88,693

INGHAM COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Fund Types
December 31, 2004

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 20,567,735	\$ 292,824	\$ 171,112	\$ 21,031,671
Property taxes receivable	5,788,766	-	-	5,788,766
Accounts receivable	176,935	-	15,000	191,935
Accrued interest receivable	34,087	60	2,898	37,045
Due from other funds	1,428,131	-	39,431	1,467,562
Due from other governmental units	3,776,581	-	-	3,776,581
Prepaid items	195	-	-	195
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 31,772,430</u>	<u>\$ 292,884</u>	<u>\$ 228,441</u>	<u>\$ 32,293,755</u>
 Liabilities:				
Accounts payable	\$ 2,545,417	\$ -	\$ 137,084	\$ 2,682,501
Salaries and amounts withheld therefrom	237,572	-	-	237,572
Interfund payable	2,845,994	-	39,431	2,885,425
Due to other funds	1,241,732	-	-	1,241,732
Due to other governmental units	271,596	-	-	271,596
Deposits payable	1,000	-	-	1,000
Advances from other funds	49,759	-	-	49,759
Deferred revenue	6,699,918	236,315	-	6,936,233
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>13,892,988</u>	<u>236,315</u>	<u>176,515</u>	<u>14,305,818</u>
 Fund balances:				
Reserved for:				
Prepaid items	195	-	-	195
Various community projects	304,273	-	-	304,273
Upgrading ROD Technology	629,053	-	-	629,053
Debt Services	-	56,569	-	56,569
Unreserved:				
Designated for future expenditures	3,592,740	-	51,926	3,644,666
Undesignated	13,353,181	-	-	13,353,181
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>17,879,442</u>	<u>56,569</u>	<u>51,926</u>	<u>17,987,937</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 31,772,430</u>	<u>\$ 292,884</u>	<u>\$ 228,441</u>	<u>\$ 32,293,755</u>

INGHAM COUNTY, MICHIGAN
NonMajor Governmental Fund Types
Combining Statement of Revenue, Expenditures
and Changes in Fund Balance
For the Year Ended December 31, 2004

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenue				
Taxes	\$ 8,126,779	\$ -	\$ -	\$ 8,126,779
Intergovernmental	10,783,378	-	-	10,783,378
Charges for services	1,771,812	-	-	1,771,812
Interest	168,944	716	14,637	184,297
Other	604,643	520,466	15,000	1,140,109
	<u>21,455,556</u>	<u>521,182</u>	<u>29,637</u>	<u>22,006,375</u>
Total revenue				
	<u>21,455,556</u>	<u>521,182</u>	<u>29,637</u>	<u>22,006,375</u>
Expenditures				
Current:				
Public safety	1,952,630	-	-	1,952,630
Public works	2,616,366	-	-	2,616,366
Culture and recreation	3,782,896	-	-	3,782,896
General government	6,328,756	-	-	6,328,756
Welfare	13,021,480	-	-	13,021,480
Education	71,805	-	-	71,805
Capital outlay	246,936	-	1,796,392	2,043,328
Debt service:	-			
Principal retirement	-	3,115,000	-	3,115,000
Interest and fiscal charges	-	1,438,621	-	1,438,621
	<u>28,020,869</u>	<u>4,553,621</u>	<u>1,796,392</u>	<u>34,370,882</u>
Total expenditures				
	<u>28,020,869</u>	<u>4,553,621</u>	<u>1,796,392</u>	<u>34,370,882</u>
Revenue over (under) expenditures	<u>(6,565,313)</u>	<u>(4,032,439)</u>	<u>(1,766,755)</u>	<u>(12,364,507)</u>
Other financing sources (uses)				
Proceeds from note/debt issuance	1,594,754	-	-	1,594,754
Transfers in	10,114,621	4,032,818	-	14,147,439
Transfers (out)	(2,322,814)	-	-	(2,322,814)
	<u>9,386,561</u>	<u>4,032,818</u>	<u>-</u>	<u>13,419,379</u>
Total other financing sources (uses)				
	<u>9,386,561</u>	<u>4,032,818</u>	<u>-</u>	<u>13,419,379</u>
Net change in fund balances	2,821,248	379	(1,766,755)	1,054,872
Fund balance, beginning of year	15,058,194	56,190	1,818,681	16,933,065
Fund balance, end of year	<u>\$ 17,879,442</u>	<u>\$ 56,569</u>	<u>\$ 51,926</u>	<u>\$ 17,987,937</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Description of Funds

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Parks -- This fund is used to account for the operations and maintenance of County owned parks and facilities. Financing is primarily provided by General Fund appropriations.

Family Counseling Service -- This fund is used to account for the operations of a family counseling service. Financing is provided by marriage license fees.

Friend of the Court Service -- This fund is used to account for mediation services regarding custody or visitation rights to parties involved in divorce. This fund is also used to account for grant revenues that are specifically restricted to the provision of Child Support Services. Financing is provided by State and Federal sources and a County appropriation.

Brownfield Redevelopment Authority -- This fund is used to account for taxes captured to assist in redevelopment of contaminated properties.

Circuit Court Mediation -- This fund is used to account for mediation program improvements. Financing is provided from forfeited deposit fees.

ROD Automation - This fund is used to account for the collection of \$5 of the total fee collected for each recording which is used to fund the upgrading of technology in the Register of Deed's Office.

Local Law Enforcement Block Grant -- This fund is used to account for a federal grant award for law enforcement.

Hotel/Motel Accommodation Tax -- This fund is used to account for a collection of a five percent hotel room tax. This tax provides funding for the Lansing Convention and Visitors Bureau. Board of Commissioner's resolutions allocate a portion of these revenues to promote tourism and convention business. State law limits the use of Hotel/Motel accommodation tax revenue to the development and promotion of convention and entertainment facilities.

Public Improvements -- This fund is used to account for the acquisition of specific public improvements and equipment for public buildings. It may also be used to account for the repair, maintenance, and alteration of public improvements and public buildings. Financing is provided from non-tax revenues generated by other funds.

Work Study Program -- This fund is used to account for payment of wages and fringe benefits for students working for Ingham County in an effort to supplement their education. Financing is provided through reimbursement from local educational institutions and General Fund appropriations.

Budget Stabilization -- This fund is used to account for funds transferred by resolution from the County's General Fund under provisions of Public Act 30 of 1978.

Juvenile Justice Millage -- This fund is used to account for a special millage for juvenile care.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

CONCLUDED

Drug Law Enforcement -- This fund is used to account for property forfeited pursuant to the Enforcement of Controlled Substances, Public Act 135 of 1985. Financing is provided from the sale of forfeited property. Funds provided from forfeited property can be used to pay for the expense of seizure, court costs, maintenance and expense of sale, as well as drug law enforcement activities.

Local Correction Training - This fund is used to account for the collection of the County jail booking fee which is used to fund the training of local corrections officers.

Anti-Drug Abuse Grant -- This fund is used to account for the legal costs of drug forfeiture proceedings. Financing is provided through a local grant.

Community Corrections -- This fund is used to account for the County's community corrections program. Ingham County and the City of Lansing have established a joint Community Corrections Advisory Board (CCAB). The CCAB follows state guidelines in directing the development and implementation of a comprehensive community corrections plan. This program is State funded.

Law Library -- This fund is used to record revenues provided for the maintenance of a law library. Money for the operation of this fund is from the statutory transfer of penal fines.

Criminal Justice Training Grant -- This fund is used to account for the distribution of criminal justice training funds from the Department of Management and Budget, Office of Criminal Justice, pursuant to Public Acts 301 and 302 of 1982. This funding provides in-service criminal justice training to police officers.

Department of Human Services (DHS) Child Care -- This fund is used to account for the operations necessary to provide care and supervision of children requiring out of home placement and to provide support and assistance to families in need. Financing is provided through a State grant and County appropriation.

Social Welfare -- This fund is used to account for funds which are provided by County, State, and Federal governments to administer the social welfare department, assist eligible recipients, and to administer various State and Federal social welfare programs.

Family Court Child Care -- This fund is used to account for the foster care of children. Funding comes from the State and Federal governments as well as from County appropriations.

Veterans' Trust -- This fund is used to account for revenue set aside for aid to veterans. Funding is supplied through State grants.

County Transportation System -- This fund is used to account for the operations of a transportation service for elderly and disabled County residents. Financing is provided through a County tax levy.

Cooperative Reimbursement Prosecuting Attorney -- This fund is used to account for grant monies which are used to provide child support services to eligible recipients. Funding is provided from State and Federal sources, and through the Michigan Family Independence Agency, Office of Child Support.

INGHAM COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004

	Parks	Family Counseling Service	Friend of the Court Service	Brownfield Redevelopment Authority	Circuit Court Mediation	ROD Automation
Assets						
Cash and cash equivalents	\$ 162,628	\$ 21,380	\$ -	\$ 586	\$ 88,596	\$ 645,505
Property taxes receivable	-	-	-	-	-	-
Accounts receivable	-	1,275	23,747	-	6,600	-
Accrued interest receivable	29	-	-	-	-	1,954
Due from other funds	79,999	-	191,886	-	-	-
Due from other governmental units	73,334	-	1,316,381	-	-	-
Prepaid items	195	-	-	-	-	-
Total assets	<u>\$ 316,185</u>	<u>\$ 22,655</u>	<u>\$ 1,532,014</u>	<u>\$ 586</u>	<u>\$ 95,196</u>	<u>\$ 647,459</u>
Liabilities						
Accounts payable	\$ 27,658	\$ 455	\$ 3,929	\$ -	\$ -	\$ -
Salaries and amounts withheld therefrom	21,647	-	72,247	-	-	-
Interfund payable	-	-	1,274,380	-	-	-
Due to other funds	6,297	-	76,400	-	15,000	18,406
Due to other governmental units	473	-	-	-	-	-
Deposits payable	1,000	-	-	-	-	-
Advances from other funds	49,759	-	-	-	-	-
Deferred revenue	7,845	-	105,058	-	-	-
Total liabilities	<u>114,679</u>	<u>455</u>	<u>1,532,014</u>	<u>-</u>	<u>15,000</u>	<u>18,406</u>
Fund balances						
Reserved:						
Prepaid items	195	-	-	-	-	-
Various community projects	-	-	-	-	-	-
Upgrading ROD Technology	-	-	-	-	-	629,053
Unreserved:						
Designated for future expenditures	48,948	-	-	-	-	-
Undesignated	152,363	22,200	-	586	80,196	-
Total fund balances	<u>201,506</u>	<u>22,200</u>	<u>-</u>	<u>586</u>	<u>80,196</u>	<u>629,053</u>
Total liabilities and fund balances	<u>\$ 316,185</u>	<u>\$ 22,655</u>	<u>\$ 1,532,014</u>	<u>\$ 586</u>	<u>\$ 95,196</u>	<u>\$ 647,459</u>

Local Law Enforcement Block Grant	Hotel/Motel Accommodation Tax	Public Improvements	Work Study Program	Budget Stabilization	Juvenile Justice Mileage	Drug Law Enforcement
\$ 18,904	\$ 476,759	\$ 3,557,501	\$ -	\$ 9,002,365	\$ 4,664,209	\$ 60,528
-	-	-	-	-	3,479,469	-
-	115,955	-	2,556	-	-	5,530
63	-	9,724	-	-	15,093	-
-	5,614	23,265	-	-	34,671	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 18,967	\$ 598,328	\$ 3,590,490	\$ 2,556	\$ 9,002,365	\$ 8,193,442	\$ 66,058
\$ 63	\$ 231,657	\$ 250,981	\$ -	\$ -	\$ 2,132	\$ -
-	-	-	432	-	-	-
-	-	-	2,124	-	-	-
-	62,398	39,431	-	-	363,123	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
18,904	-	-	-	-	3,931,341	-
18,967	294,055	290,412	2,556	-	4,296,596	-
-	-	-	-	-	-	-
-	304,273	-	-	-	-	-
-	-	-	-	-	-	-
-	-	3,300,078	-	-	-	66,058
-	-	-	-	9,002,365	3,896,846	-
-	304,273	3,300,078	-	9,002,365	3,896,846	66,058
\$ 18,967	\$ 598,328	\$ 3,590,490	\$ 2,556	\$ 9,002,365	\$ 8,193,442	\$ 66,058

Continued...

INGHAM COUNTY, MICHIGAN
Combining Balance Sheet (Concluded)
Nonmajor Special Revenue Funds
December 31, 2004

	Local Correction Training	Anti-Drug Abuse Grant	Community Corrections	Law Library	Criminal Justice Training
Assets					
Cash and cash equivalents	\$ 72,634	\$ -	\$ 155,565	\$ 12,366	\$ -
Property taxes receivable	-	-	-	-	-
Accounts receivable	-	-	20,107	-	-
Accrued interest receivable	-	-	624	-	-
Due from other funds	-	14,178	1,131	-	637
Due from other governmental units	-	26,253	199,695	-	43,418
Prepaid items	-	-	-	-	-
Total assets	\$ 72,634	\$ 40,431	\$ 377,122	\$ 12,366	\$ 44,055
Liabilities					
Accounts payable	\$ -	\$ 294	\$ 179,061	\$ -	\$ 4,336
Salaries and amounts withheld therefrom	-	3,067	10,768	-	-
Interfund payable	-	12,796	-	-	4,375
Due to other funds	-	6,643	9,637	-	1,198
Due to other governmental units	-	6,123	-	-	-
Deposits payable	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	-	28,923	199,466	-	9,909
Fund balances					
Reserved:					
Prepaid items	-	-	-	-	-
Various community projects	-	-	-	-	-
Upgrading ROD Technology	-	-	-	-	-
Unreserved:					
Designated for future expenditures	-	-	177,656	-	-
Undesignated	72,634	11,508	-	12,366	34,146
Total fund balances	72,634	11,508	177,656	12,366	34,146
Total liabilities and fund balances	\$ 72,634	\$ 40,431	\$ 377,122	\$ 12,366	\$ 44,055

DHS Child Care	Social Welfare	Family Court Child Care	Veterans' Trust	County Transportation System	Cooperative Reimbursement Prosecuting Attorney	Totals
\$ -	\$ 157,639	\$ -	\$ 2,448	\$ 1,468,022	\$ 100	\$ 20,567,735
-	-	-	-	2,309,297	-	5,788,766
-	-	1,165	-	-	-	176,935
-	-	-	-	6,600	-	34,087
499,758	1	555,315	-	-	21,676	1,428,131
-	132,404	1,859,385	-	-	125,711	3,776,581
-	-	-	-	-	-	195
\$ 499,758	\$ 290,044	\$ 2,415,865	\$ 2,448	\$ 3,783,919	\$ 147,487	\$ 31,772,430

\$ 151,520	\$ -	\$ 617,594	\$ 601	\$ 1,073,379	\$ 1,757	\$ 2,545,417
-	-	118,292	-	-	11,119	237,572
348,238	-	1,076,560	-	-	127,521	2,845,994
-	25,044	591,731	-	19,334	7,090	1,241,732
-	265,000	-	-	-	-	271,596
-	-	-	-	-	-	1,000
-	-	-	-	-	-	49,759
-	-	11,688	-	2,625,082	-	6,699,918
499,758	290,044	2,415,865	601	3,717,795	147,487	13,892,988

-	-	-	-	-	-	195
-	-	-	-	-	-	304,273
-	-	-	-	-	-	629,053
-	-	-	-	-	-	3,592,740
-	-	-	1,847	66,124	-	13,353,181
-	-	-	1,847	66,124	-	17,879,442
\$ 499,758	\$ 290,044	\$ 2,415,865	\$ 2,448	\$ 3,783,919	\$ 147,487	\$ 31,772,430

INGHAM COUNTY, MICHIGAN
Nonmajor Special Revenue Funds
Combining Statement of Revenue, Expenditures
and Changes in Fund Balance
For the Year Ended December 31, 2004

	Parks	Family Counseling Service	Friend of the Court Service	Brownfield Redevelopment Authority	Circuit Court Mediation	ROD Automation
Revenue						
Taxes	\$ -	\$ -	\$ -	\$ 582	\$ -	\$ -
Intergovernmental	1,000	-	3,266,164	-	-	-
Charges for services	278,786	-	487,891	-	-	385,775
Interest	286	-	-	4	-	10,076
Other	36,872	32,230	19,849	-	27,225	-
Total revenue	316,944	32,230	3,773,904	586	27,225	395,851
Expenditures						
Current:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	2,042,441	-	-	-	-	-
General government	-	-	4,383,099	-	1,390	99,417
Welfare	-	-	-	-	-	-
Education	-	22,017	-	-	-	-
Capital outlay	12,097	-	-	-	-	37,304
Total expenditures	2,054,538	22,017	4,383,099	-	1,390	136,721
Revenue over (under) expenditures	(1,737,594)	10,213	(609,195)	586	25,835	259,130
Other financing sources (uses)						
Proceeds from note/debt issuance	-	-	-	-	-	-
Transfers in	1,834,282	-	640,828	-	-	-
Transfers (out)	(4,207)	-	(31,633)	-	(15,000)	-
Total other financing sources (uses)	1,830,075	-	609,195	-	(15,000)	-
Net change in fund balances	92,481	10,213	-	586	10,835	259,130
Fund balance, beginning of year	109,025	11,987	-	-	69,361	369,923
Fund balance, end of year	\$ 201,506	\$ 22,200	\$ -	\$ 586	\$ 80,196	\$ 629,053

Local Law Enforcement Block Grant	Hotel/Motel Accommodation Tax	Public Improvements	Work Study Program	Budget Stabilization	Juvenile Justice Millage	Drug Law Enforcement
\$ -	\$ 1,933,839	\$ -	\$ -	\$ -	\$ 3,733,210	\$ -
16,602	-	-	33,712	-	7,851	-
-	-	-	-	-	-	-
312	-	46,345	-	-	75,008	-
-	-	90,732	-	-	-	33,114
16,914	1,933,839	137,077	33,712	-	3,816,069	33,114
17,168	-	-	-	-	-	13,144
-	-	-	-	-	-	-
-	1,740,455	-	-	-	-	-
-	-	1,844,850	-	-	-	-
-	-	-	-	-	11,135	-
-	-	-	49,788	-	-	-
1,881	-	168,980	-	-	-	-
19,049	1,740,455	2,013,830	49,788	-	11,135	13,144
(2,135)	193,384	(1,876,753)	(16,076)	-	3,804,934	19,970
-	-	1,594,754	-	-	-	-
2,135	-	1,110,607	16,076	-	-	-
-	(126,043)	(29,000)	-	-	(2,101,436)	-
2,135	(126,043)	2,676,361	16,076	-	(2,101,436)	-
-	67,341	799,608	-	-	1,703,498	19,970
-	236,932	2,500,470	-	9,002,365	2,193,348	46,088
\$ -	\$ 304,273	\$ 3,300,078	\$ -	\$ 9,002,365	\$ 3,896,846	\$ 66,058

Continued...

INGHAM COUNTY, MICHIGAN
Nonmajor Special Revenue Funds
Combining Statement of Revenue, Expenditures
and Changes in Fund Balance (Concluded)
For the Year Ended December 31, 2004

	Local Correction Training	Anti-Drug Abuse Grant	Community Corrections	Law Library	Criminal Justice Training
Revenue					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	88,598	747,250	-	88,304
Charges for services	65,461	-	471,634	-	-
Interest	569	306	3,196	-	-
Other	-	262,445	-	17,000	-
Total revenue	66,030	351,349	1,222,080	17,000	88,304
Expenditures					
Current:					
Public safety	-	437,747	1,402,961	-	81,610
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
General government	-	-	-	-	-
Welfare	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	-	968	16,942	-
Total expenditures	-	437,747	1,403,929	16,942	81,610
Revenue over (under) expenditures	66,030	(86,398)	(181,849)	58	6,694
Other financing sources (uses)					
Proceeds from note/debt issuance	-	-	-	-	-
Transfers in	-	90,912	88,342	-	-
Transfers (out)	-	(6,643)	(1,052)	-	-
Total other financing sources (uses)	-	84,269	87,290	-	-
Net change in fund balances	66,030	(2,129)	(94,559)	58	6,694
Fund balance, beginning of year	6,604	13,637	272,215	12,308	27,452
Fund balance, end of year	\$ 72,634	\$ 11,508	\$ 177,656	\$ 12,366	\$ 34,146

DHS Child Care	Social Welfare	Family Court Child Care	Veterans' Trust	County Transportation System	Cooperative Reimbursement Prosecuting Attorney	Totals
\$ -	\$ -	\$ -	\$ -	2,459,148	\$ -	\$ 8,126,779
970,574	1,235,327	3,794,990	34,355	5,207	493,444	10,783,378
-	-	82,265	-	-	-	1,771,812
-	-	-	-	32,842	-	168,944
75,870	-	9,306	-	-	-	604,643
1,046,444	1,235,327	3,886,561	34,355	2,497,197	493,444	21,455,556
-	-	-	-	-	-	1,952,630
-	-	-	-	2,616,366	-	2,616,366
-	-	-	-	-	-	3,782,896
-	-	-	-	-	-	6,328,756
2,013,774	1,257,357	8,987,742	25,894	-	725,578	13,021,480
-	-	-	-	-	-	71,805
-	-	8,708	-	-	56	246,936
2,013,774	1,257,357	8,996,450	25,894	2,616,366	725,634	28,020,869
(967,330)	(22,030)	(5,109,889)	8,461	(119,169)	(232,190)	(6,565,313)
-	-	-	-	-	-	1,594,754
967,330	22,030	5,109,889	-	-	232,190	10,114,621
-	-	-	(7,800)	-	-	(2,322,814)
967,330	22,030	5,109,889	(7,800)	-	232,190	9,386,561
-	-	-	661	(119,169)	-	2,821,248
-	-	-	1,186	185,293	-	15,058,194
\$ -	\$ -	\$ -	\$ 1,847	\$ 66,124	\$ -	\$ 17,879,442

INGHAM COUNTY, MICHIGAN

Parks

Schedule of Revenue, Expenditures and Changes in Fund Balance - Amended Budget and Actual For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1,000	1,000	-
Charges for services	229,026	278,786	49,760	235,760
Interest	-	286	286	47
Other	200	36,872	36,672	10,771
			-	
Total revenue	229,226	316,944	87,718	246,578
Expenditures				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	2,105,410	2,042,441	62,969	2,000,318
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	-	12,097	(12,097)	95,656
Debt service	-	-	-	-
			-	
Total expenditures	2,105,410	2,054,538	50,872	2,095,974
Revenue over (under) expenditures	(1,876,184)	(1,737,594)	138,590	(1,849,396)
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	1,834,282	1,834,282	-	1,796,587
Transfers (out)	-	(4,207)	(4,207)	(13,500)
			-	
Total other financing sources (uses)	1,834,282	1,830,075	(4,207)	1,783,087
Net change in fund balance	(41,902)	92,481	134,383	(66,309)
Fund balance, beginning of year	109,025	109,025	-	175,334
Fund balance, end of year	\$ 67,123	\$ 201,506	\$ 134,383	\$ 109,025

INGHAM COUNTY, MICHIGAN
Family Counseling Service
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	40,000	32,230	(7,770)	29,055
Total revenue	40,000	32,230	(7,770)	29,055
Expenditures				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	45,000	22,017	22,983	26,784
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	45,000	22,017	22,983	26,784
Revenue over (under) expenditures	(5,000)	10,213	15,213	2,271
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(5,000)	10,213	15,213	2,271
Fund balance, beginning of year	11,987	11,987	-	9,716
Fund balance, end of year	\$ 6,987	\$ 22,200	\$ 15,213	\$ 11,987

INGHAM COUNTY, MICHIGAN
Friend of the Court Service
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,476,095	3,266,164	(209,931)	3,132,232
Charges for services	280,567	487,891	207,324	220,016
Interest	-	-	-	-
Other	19,949	19,849	(100)	73,742
Total revenue	3,776,611	3,773,904	(2,707)	3,425,990
Expenditures				
Welfare:				
Personnel services	3,979,753	3,977,327	2,426	3,870,691
Professional and contractual	23,085	23,084	1	27,212
Transportation	53,991	53,991	-	55,879
Supplies	86,425	86,424	1	174,604
Other	242,553	242,273	280	278,542
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	4,385,807	4,383,099	2,708	4,406,928
Revenue over (under) expenditures	(609,196)	(609,195)	1	(980,938)
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	640,829	640,828	(1)	980,938
Transfers (out)	(31,633)	(31,633)	-	-
Total other financing sources (uses)	609,196	609,195	(1)	980,938
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

INGHAM COUNTY, MICHIGAN
Brownfield Redevelopment Authority
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ 582	\$ 582	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	4	4	-
Other	-	-	-	-
Total revenue	-	586	586	-
Expenditures				
Welfare:				
Personnel services	-	-	-	-
Professional and contractual	-	-	-	-
Transportation	-	-	-	-
Supplies	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	-	-	-	-
Revenue over (under) expenditures	-	586	586	-
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	586	586	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ 586	\$ 586	\$ -

INGHAM COUNTY, MICHIGAN
Circuit Court Mediation Program
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	16,390	27,225	10,835	10,875
Total revenue	16,390	27,225	10,835	10,875
Expenditures				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	1,390	1,390	-	34,455
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	1,390	1,390	-	34,455
Revenue over (under) expenditures	15,000	25,835	10,835	(23,580)
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(15,000)	(15,000)	-	-
Total other financing sources (uses)	(15,000)	(15,000)	-	-
Net change in fund balance	-	10,835	10,835	(23,580)
Fund balance, beginning of year	69,361	69,361	-	92,941
Fund balance, end of year	\$ 69,361	\$ 80,196	\$ 10,835	\$ 69,361

INGHAM COUNTY, MICHIGAN
ROD Automation
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	-
Intergovernmental	-	-	-	-
Charges for services	430,000	385,775	(44,225)	381,765
Interest	-	10,076	10,076	4,026
Other	-	-	-	-
Total revenue	430,000	395,851	(34,149)	385,791
Expenditures				
Current:				
Public safety				
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	464,431	99,417	365,014	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	36,650	37,304	(654)	15,868
Debt service	-	-	-	-
Total expenditures	501,081	136,721	364,360	15,868
Revenue over (under) expenditures	(71,081)	259,130	330,211	369,923
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(71,081)	259,130	330,211	369,923
Fund balance, beginning of year	369,923	369,923	-	-
Fund balance, end of year	\$ 298,842	\$ 629,053	\$ 330,211	\$ 369,923

INGHAM COUNTY, MICHIGAN
Local Law Enforcement Block Grant
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	35,489	16,602	(18,887)	13,595
Charges for services	-	-	-	-
Interest	-	312	312	484
Other	-	-	-	8,980
Total revenue	35,489	16,914	(18,575)	23,059
Expenditures				
Current:				
Public safety	24,438	17,168	7,270	5,099
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	13,186	1,881	11,305	17,960
Debt service	-	-	-	-
Total expenditures	37,624	19,049	18,575	23,059
Revenue over (under) expenditures	(2,135)	(2,135)	-	-
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	-	2,135	2,135	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	2,135	2,135	-
Net change in fund balance	(2,135)	-	2,135	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ (2,135)	\$ -	\$ 2,135	\$ -

INGHAM COUNTY, MICHIGAN
Hotel/Motel Accommodation Tax
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ 1,868,615	\$ 1,933,839	\$ 65,224	\$ 1,891,110
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total revenue	1,868,615	1,933,839	65,224	1,891,110
Expenditures				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	1,741,115	1,740,455	660	1,701,999
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	1,741,115	1,740,455	660	1,701,999
Revenue over (under) expenditures	127,500	193,384	65,884	189,111
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(158,761)	(126,043)	32,718	(113,133)
Total other financing sources (uses)	(158,761)	(126,043)	32,718	(113,133)
Net change in fund balance	(31,261)	67,341	98,602	75,978
Fund balance, beginning of year	236,932	236,932	-	160,954
Fund balance, end of year	\$ 205,671	\$ 304,273	\$ 98,602	\$ 236,932

INGHAM COUNTY, MICHIGAN

Public Improvements

Schedule of Revenue, Expenditures and Changes in Fund Balance - Amended Budget and Actual For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	46,345	46,345	(68,255)
Other	200,407	90,732	(109,675)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	200,407	137,077	(63,330)	(68,255)
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	2,142,461	1,844,850	297,611	603,986
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	295,917	168,980	126,937	233,378
Debt service	6,750	-	-	-
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Total expenditures	2,445,128	2,013,830	424,548	837,364
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(2,244,721)	(1,876,753)	361,218	(905,619)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Proceeds from note/debt issuance	931,780	1,594,754	662,974	-
Transfers in	-	-	-	-
Transfers (out)	1,110,607	1,110,607	-	2,605,379
	(29,000)	(29,000)	-	3,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	2,013,387	2,676,361	662,974	2,608,379
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	(231,334)	799,608	1,030,942	1,702,760
Fund balance, beginning of year	2,500,470	2,500,470	-	797,710
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ 2,269,136	\$ 3,300,078	\$ 1,030,942	\$ 2,500,470
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INGHAM COUNTY, MICHIGAN
Work Study Program
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	-
Intergovernmental	75,179	33,712	(41,467)	36,375
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total revenue	75,179	33,712	(41,467)	36,375
Expenditures				
Education:				
Personnel services	75,179	49,788	25,391	53,437
Professional and contractual	-	-	-	-
Transportation	-	-	-	-
Supplies	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	75,179	49,788	25,391	53,437
Revenue over (under) expenditures	-	(16,076)	(16,076)	(17,062)
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	-	16,076	16,076	17,062
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	16,076	16,076	17,062
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	-

INGHAM COUNTY, MICHIGAN
Budget Stabilization
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total revenue	-	-	-	-
Expenditures				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	-	-	-	-
Revenue over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	-	-	-	22,557
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	22,557
Net change in fund balance	-	-	-	22,557
Fund balance, beginning of year	9,002,365	9,002,365	-	8,979,808
Fund balance, end of year	\$ 9,002,365	\$ 9,002,365	\$ -	\$ 9,002,365

INGHAM COUNTY, MICHIGAN
Juvenile Justice Mileage
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$3,677,904	\$3,733,210	\$55,306	\$ 3,566,094
Intergovernmental	-	7,851	7,851	5,769
Charges for services	-	-	-	-
Interest	2,000	75,008	73,008	52,208
Other	-	-	-	-
Total revenue	3,679,904	3,816,069	136,165	3,624,071
Expenditures				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	1,578,468	11,135	1,567,333	11
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	1,578,468	11,135	1,567,333	11
Revenue over (under) expenditures	2,101,436	3,804,934	1,703,498	3,624,060
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(2,101,436)	(2,101,436)	-	(1,430,742)
Total other financing sources (uses)	(2,101,436)	(2,101,436)	-	(1,430,742)
Net change in fund balance	-	1,703,498	1,703,498	2,193,318
Fund balance, beginning of year	2,193,348	2,193,348	-	30
Fund balance, end of year	\$ 2,193,348	\$ 3,896,846	\$ 1,703,498	\$ 2,193,348

INGHAM COUNTY, MICHIGAN
Drug Law Enforcement
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	15,149	33,114	17,965	24,466
Total revenue	15,149	33,114	17,965	24,466
Expenditures				
Current:				
Public safety	61,237	13,144	48,093	14,396
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	61,237	13,144	48,093	14,396
Revenue over (under) expenditures	(46,088)	19,970	66,058	10,070
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(46,088)	19,970	66,058	10,070
Fund balance, beginning of year	46,088	46,088	-	36,018
Fund balance, end of year	\$ -	\$ 66,058	\$ 66,058	\$ 46,088

INGHAM COUNTY, MICHIGAN
Local Correction Training
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	65,461	65,461	-	6,604
Interest	569	569	-	-
Other	-	-	-	-
Total revenue	66,030	66,030	-	6,604
Expenditures				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	-	-	-	-
Revenue over (under) expenditures	66,030	66,030	-	6,604
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	66,030	66,030	-	6,604
Fund balance, beginning of year	6,604	6,604	-	-
Fund balance, end of year	\$ 72,634	\$ 72,634	\$ -	\$ 6,604

INGHAM COUNTY, MICHIGAN
Anti-Drug Abuse Grant
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	88,599	88,598	(1)	84,841
Charges for services	-	-	-	-
Interest	-	306	306	1,585
Other	306,745	262,445	(44,300)	258,346
Total revenue	395,344	351,349	(43,995)	344,772
Expenditures				
Public Safety:				
Personnel services	177,197	177,197	-	168,523
Professional and contractual	257,568	257,567	1	249,028
Transportation	833	833	-	776
Supplies	19,307	2,150	17,157	1,736
Other	-	-	-	1,160
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	454,905	437,747	17,158	421,223
Revenue over (under) expenditures	(59,561)	(86,398)	(26,837)	(76,451)
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	90,912	90,912	-	84,841
Transfers (out)	(36,412)	(6,643)	(29,769)	(85,581)
Total other financing sources (uses)	54,500	84,269	(29,769)	(740)
Net change in fund balance	(5,061)	(2,129)	2,932	(77,191)
Fund balance, beginning of year	13,637	13,637	-	90,828
Fund balance, end of year	\$ 8,576	\$ 11,508	\$ 2,932	\$ 13,637

INGHAM COUNTY, MICHIGAN

Community Corrections

Schedule of Revenue, Expenditures and Changes in Fund Balance - Amended Budget and Actual For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	735,140	747,250	12,110	759,435
Charges for services	565,164	471,634	(93,530)	601,960
Interest	6,000	3,196	(2,804)	5,719
Other	-	-	-	-
Total revenue	1,306,304	1,222,080	(84,224)	1,367,114
Expenditures				
Public Safety:				
Personnel services	448,539	409,236	39,303	396,551
Professional and contractual	932,800	901,561	31,239	942,178
Transportation	2,205	1,381	824	1,855
Supplies	11,347	11,347	-	12,251
Other	79,943	79,436	507	69,746
Capital outlay	968	968	-	9,708
Debt service	-	-	-	-
Total expenditures	1,475,802	1,403,929	71,873	1,432,289
Revenue over (under) expenditures	(169,498)	(181,849)	(12,351)	(65,175)
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	88,342	88,342	-	83,066
Transfers (out)	(1,051)	(1,052)	1	-
Total other financing sources (uses)	87,291	87,290	1	83,066
Net change in fund balance	(82,207)	(94,559)	(12,350)	17,891
Fund balance, beginning of year	272,215	272,215	-	254,324
Fund balance, end of year	\$ 190,008	\$ 177,656	\$ (12,350)	\$ 272,215

INGHAM COUNTY, MICHIGAN

Law Library

Schedule of Revenue, Expenditures and Changes in Fund Balance - Amended Budget and Actual For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	17,000	17,000	-	17,000
Total revenue	17,000	17,000	-	17,000
Expenditures				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	17,000	16,942	58	13,509
Debt service	-	-	-	-
Total expenditures	17,000	16,942	58	13,509
Revenue over (under) expenditures	-	58	58	3,491
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	58	58	3,491
Fund balance, beginning of year	12,308	12,308	-	8,817
Fund balance, end of year	\$ 12,308	\$ 12,366	\$ 58	\$ 12,308

INGHAM COUNTY, MICHIGAN
Criminal Justice Training Grant
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	106,774	88,304	(18,470)	79,610
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total revenue	106,774	88,304	(18,470)	79,610
Expenditures				
Current:				
Public safety	106,774	81,610	25,164	86,233
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	106,774	81,610	25,164	86,233
Revenue over (under) expenditures	-	6,694	6,694	(6,623)
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	6,694	6,694	(6,623)
Fund balance, beginning of year	27,452	27,452	-	34,075
Fund balance, end of year	\$ 27,452	\$ 34,146	\$ 6,694	\$ 27,452

INGHAM COUNTY, MICHIGAN
Department of Human Services Child Care
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	-
Intergovernmental	970,575	970,574	(1)	806,570
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	75,869	75,870	1	87,231
Total revenue	1,046,444	1,046,444	-	893,801
Expenditures				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	2,013,774	2,013,774	-	1,702,852
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	2,013,774	2,013,774	-	1,702,852
Revenue over (under) expenditures	(967,330)	(967,330)	-	(809,051)
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	967,330	967,330	-	809,051
Transfers (out)	-	-	-	-
Total other financing sources (uses)	967,330	967,330	-	809,051
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	-

INGHAM COUNTY, MICHIGAN
Social Welfare
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,780,160	1,235,327	(544,833)	1,132,528
Charges for services	232,889	-	(232,889)	-
Interest	-	-	-	-
Other	-	-	-	-
Total revenue	2,013,049	1,235,327	(777,722)	1,132,528
Expenditures				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	2,035,079	1,257,357	777,722	1,166,973
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	2,035,079	1,257,357	777,722	1,166,973
Revenue over (under) expenditures	(22,030)	(22,030)	-	(34,445)
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	22,030	22,030	-	34,445
Transfers (out)	-	-	-	-
Total other financing sources (uses)	22,030	22,030	-	34,445
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

INGHAM COUNTY, MICHIGAN
Family Court Child Care
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,798,276	3,794,990	(3,286)	3,028,016
Charges for services	89,260	82,265	(6,995)	15,943
Interest	-	-	-	-
Other	20,995	9,306	(11,689)	4,384
Total revenue	3,908,531	3,886,561	(21,970)	3,048,343
Expenditures				
Welfare:				
Personnel services	3,813,701	3,800,321	13,380	3,307,150
Professional and contractual	4,946,745	4,941,846	4,899	3,971,871
Transportation	51,746	51,746	-	36,146
Supplies	105,756	103,332	2,424	79,308
Other	90,805	90,497	308	106,420
Capital outlay	9,669	8,708	961	1,496
Debt service	-	-	-	-
Total expenditures	9,018,422	8,996,450	21,972	7,502,391
Revenue over (under) expenditures	(5,109,891)	(5,109,889)	2	(4,454,048)
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	5,109,891	5,109,889	(2)	4,454,048
Transfers (out)	-	-	-	-
Total other financing sources (uses)	5,109,891	5,109,889	(2)	4,454,048
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

INGHAM COUNTY, MICHIGAN
Veterans' Trust
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	40,000	34,355	(5,645)	40,928
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total revenue	40,000	34,355	(5,645)	40,928
Expenditures				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	32,200	25,894	6,306	33,734
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	32,200	25,894	6,306	33,734
Revenue over (under) expenditures	7,800	8,461	661	7,194
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(7,800)	(7,800)	-	(7,800)
Total other financing sources (uses)	(7,800)	(7,800)	-	(7,800)
Net change in fund balance	-	661	661	(606)
Fund balance, beginning of year	1,186	1,186	-	1,792
Fund balance, end of year	\$ 1,186	\$ 1,847	\$ 661	\$ 1,186

INGHAM COUNTY, MICHIGAN
County Transportation System
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ 2,478,065	\$ 2,459,148	\$ (18,917)	\$ 2,360,424
Intergovernmental	5,000	5,207	207	4,987
Charges for services	-	-	-	-
Interest	106,699	32,842	(73,857)	50,667
Other	-	-	-	-
Total revenue	2,589,764	2,497,197	(92,567)	2,416,078
Expenditures				
Current:				
Public safety	-	-	-	-
Public works	2,616,367	2,616,366	1	2,704,518
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	2,616,367	2,616,366	1	2,704,518
Revenue over (under) expenditures	(26,603)	(119,169)	(92,566)	(288,440)
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(26,603)	(119,169)	(92,566)	(288,440)
Fund balance, beginning of year	185,293	185,293	-	473,733
Fund balance, end of year	\$ 158,690	\$ 66,124	\$ (92,566)	\$ 185,293

INGHAM COUNTY, MICHIGAN
Cooperative Reimbursement Prosecuting Attorney
Schedule of Revenue, Expenditures and Changes
in Fund Balance - Amended Budget and Actual
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenue				
Taxes	\$ -	\$ -	\$ -	-
Intergovernmental	609,900	493,444	(116,456)	505,866
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total revenue	609,900	493,444	(116,456)	505,866
Expenditures				
Welfare:				
Personnel services	736,653	664,689	71,964	670,811
Professional and contractual	17,950	5,728	12,222	3,617
Transportation	20,644	19,598	1,046	10,112
Supplies	32,805	16,635	16,170	11,199
Other	300	56	244	27,490
Capital outlay	-	-	-	57
Debt service	33,738	18,928	14,810	-
Total expenditures	842,090	725,634	116,456	723,286
Revenue over (under) expenditures	(232,190)	(232,190)	-	(217,420)
Other financing sources (uses)				
Proceeds from note/debt issuance	-	-	-	-
Transfers in	232,190	232,190	-	217,420
Transfers (out)	-	-	-	-
Total other financing sources (uses)	232,190	232,190	-	217,420
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

Description of Funds

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

Community Mental Health (CMH)/Jail/Courthouse Refunding -- This fund is used to account for the payment of bonds related to the refunding of certain debt and for building construction, expansion and renovation projects. Funding will be provided through rents collected in the Internal Service Fund and General Fund appropriations.

Jail Renovation 2003 - This fund is used to account for the payment of principal and interest on bonds related to the jail renovation project. Funding will be provided by General Fund appropriations which will be supported by additional jail bed rentals.

Refunding and Human Services Building -- This fund is used to account for payment of principal and interest on bonds related to the refunding of certain debt and for expansion of the Human Services Building. Funding is provided through rents collected in an Internal Service Fund and General Fund appropriations.

Grady Porter Building Renovation -- This fund is used to account for the retirement of bonds issued. Funding is provided by transfers from various County funds.

INGHAM COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2004

	BUILDING AUTHORITY					
	CMH/Jail/ Courthouse Refunding	Jail Renovation 2003	Refunding and Human Services Building	Grady Porter Building Renovation	Totals	
Assets						
Cash and cash equivalents	\$ 276,724	\$ 107	\$ 15,154	\$ 839	\$ 292,824	
Accrued interest receivable	44	-	16	-	60	
Total assets	<u>\$ 276,768</u>	<u>\$ 107</u>	<u>\$ 15,170</u>	<u>\$ 839</u>	<u>\$ 292,884</u>	
Liabilities						
Deferred revenue	\$ 236,315	\$ -	\$ -	\$ -	\$ 236,315	
Total liabilities	236,315	-	-	-	236,315	
Fund balances						
Reserved for debt service	<u>40,453</u>	<u>107</u>	<u>15,170</u>	<u>839</u>	<u>56,569</u>	
Total liabilities and fund balances	<u>\$ 276,768</u>	<u>\$ 107</u>	<u>\$ 15,170</u>	<u>\$ 839</u>	<u>\$ 292,884</u>	

INGHAM COUNTY, MICHIGAN
Nonmajor Debt Service Funds
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balance
For the Year Ended December 31, 2004

	BUILDING AUTHORITY				
	CMH/Jail/ Courthouse Refunding	Jail Renovation 2003	Refunding and Human Services Building	Grady Porter Building Renovation	Totals
Revenue					
Interest	\$ 567	\$ 5	\$ 125	\$ 19	\$ 716
Other	520,466	-	-	-	520,466
Total revenue	521,033	5	125	19	521,182
Expenditure					
Debt Service:					
Principal retirement	650,000	80,000	2,135,000	250,000	3,115,000
Interest and fiscal charges	500,560	78,870	403,541	455,650	1,438,621
Total expenditures	1,150,560	158,870	2,538,541	705,650	4,553,621
Revenue over (under) expenditures	(629,527)	(158,865)	(2,538,416)	(705,631)	(4,032,439)
Other financing sources					
Transfers in	630,107	158,870	2,538,191	705,650	4,032,818
Net change in fund balances	580	5	(225)	19	379
Fund balance, beginning of year	39,873	102	15,395	820	56,190
Fund balance, end of year	\$ 40,453	\$ 107	\$ 15,170	\$ 839	\$ 56,569

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Description of Funds

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital Projects Control -- This fund is a control fund for appropriations for the purchase and/or construction and improvements of capital facilities of a major nature. This fund is also used to account for construction projects that do not require a separate fund.

Jail Renovation 2003 - This fund is used to account for the renovation of the jail.

INGHAM COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004

	Capital Projects Control	Jail Renovation 2003	Totals
Assets			
Cash and cash equivalents	\$ -	\$ 171,112	\$ 171,112
Accounts receivable	-	15,000	15,000
Accrued interest receivable	-	2,898	2,898
Due from other funds	39,431	-	39,431
Total assets	\$ 39,431	\$ 189,010	\$ 228,441
Liabilities			
Accounts payable	\$ -	\$ 137,084	\$ 137,084
Interfund payable	39,431	-	39,431
Total liabilities	39,431	137,084	176,515
Fund balances			
Unreserved:			
Designated for capital improvements	-	51,926	51,926
Total liabilities and fund balances	\$ 39,431	\$ 189,010	\$ 228,441

INGHAM COUNTY, MICHIGAN
Nonmajor Capital Projects Funds
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balance
For the Year Ended December 31, 2004

	Capital Projects Control	Jail Renovation 2003	Totals
Revenue			
Interest	\$ -	\$ 14,637	\$ 14,637
Other	-	15,000	15,000
Total revenue	-	29,637	29,637
Expenditures			
Capital outlay	-	1,796,392	1,796,392
Revenue (under) expenditures	-	(1,766,755)	(1,766,755)
Net change in fund balances	-	(1,766,755)	(1,766,755)
Fund balances, beginning of year	-	1,818,681	1,818,681
Fund balances, end of year	\$ -	\$ 51,926	\$ 51,926

NONMAJOR FUNDS

ENTERPRISE FUNDS

Description of Funds

NONMAJOR FUNDS

ENTERPRISE FUNDS

Housing Commission -- This fund is used to account for the operation and maintenance of Carriage Lane Apartments, a subsidized housing complex. Funding is provided through apartment rental and a Federal subsidy.

Homestead Property Tax Administration - This fund is used to account for the County's portion of revenue collected from the interest imposed on homestead denials. Revenue is to be used solely for the administration of homestead property tax exemptions.

Fair Board -- This fund is used to account for the Ingham County Fair and the operation and maintenance of the fair grounds. Funding is provided by user charges and fair week related activities including State matching funds. The Fair also receives Hotel/Motel tax revenues which are used for repair, maintenance, and construction at the fair grounds.

Inmate Stores -- This fund is used to account for the operations of a store for Ingham County Jail inmates. Funding is provided through sales of merchandise.

Alaiedon Water and Sewer -- This fund is used to account for the financing of local water and sewer projects.

Tobias-Linn Water and Sewer (Williamston) -- This fund is used to account for the financing of local water and sewer projects.

Water/Sewer No. 1 (City of Leslie) -- This fund is used to account for the financing of local water and sewer projects.

Water Supply Project No. 2 (Lansing Charter Township) -- This fund is used to account for the financing of local water projects.

Sanitary Sewer Project No. 2 - (Delhi Charter Township) -- This fund is used to account for the financing of local sewer projects.

INGHAM COUNTY, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2004

	Housing Commission	Homestead Property Tax Administration	Fair Board	Inmate Stores	Alaiedon Water & Sewer
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 573,969	\$ 1,187	\$ 427,052	\$ -	\$ 4,909
Accounts receivable, net	3,843	-	9,967	47,290	-
Accrued interest receivable	-	1	495	-	-
Due from other funds	-	-	1,414	-	-
Due from other governmental units	-	-	-	-	20,373
Leases receivable	-	-	-	-	100,000
Prepaid items	-	-	1,171	-	-
Total current assets	577,812	1,188	440,099	47,290	125,282
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents:					
Customer deposits	18,736	-	38,662	-	-
Subsidy receivable for debt service	41,497	-	-	-	-
Total restricted assets	60,233	-	38,662	-	-
Loans receivable	977,381	-	-	-	-
Leases receivable	-	-	-	-	1,680,000
Capital Assets:					
Land & Land improvements	327,078	-	5,080	-	-
Building and systems	4,860,128	-	1,922,421	-	-
Machinery and equipment	217,902	-	114,081	12,990	-
Less accumulated depreciation.	(2,819,077)	-	(778,883)	(2,598)	-
Total capital assets (net of accumulated depreciation)	2,586,031	-	1,262,699	10,392	-
Total noncurrent assets	3,623,645	-	1,301,361	10,392	1,680,000
Total assets	4,201,457	1,188	1,741,460	57,682	1,805,282
LIABILITIES					
Current liabilities:					
Accounts payable	103,284	-	6,988	24,405	-
Interfund payable	-	-	-	13,251	-
Salaries and amounts withheld therefrom	26,757	-	7,867	614	-
Due to other funds	-	-	3,142	-	-
Accrued interest payable	-	-	-	-	20,373
Notes payable-current	-	-	-	-	100,000
Compensated absences	17,139	-	24,370	753	-
Deferred revenue	37,612	-	27,965	3,183	-
Total current liabilities	184,792	-	70,332	42,206	120,373
Current liabilities payable from restricted assets:					
Customer deposits payable	18,736	-	38,662	-	-
Accrued interest payable	21,497	-	-	-	-
Total liabilities payable from restricted assets	40,233	-	38,662	-	-
Noncurrent liabilities:					
Notes payable	20,000	-	-	-	1,680,000
Advances from/to other funds	-	-	204,569	-	-
Total noncurrent liabilities	20,000	-	204,569	-	1,680,000
Total liabilities	245,025	-	313,563	42,206	1,800,373
NET ASSETS					
Invested in capital assets, net of related debt	2,586,031	-	1,262,699	10,392	-
Restricted for debt service	-	-	-	-	4,909
Restricted for capital improvements	-	-	-	-	-
Unrestricted	1,370,401	1,188	165,198	5,084	-
Total net assets	\$ 3,956,432	\$ 1,188	\$ 1,427,897	\$ 15,476	\$ 4,909

Tobias-Linn Water & Sewer		Water/Sewer No.1		Water Supply No. 2		Sanitary Sewer No. 2		Totals
\$	8,022	\$	200	\$	2,595	\$	12,215	\$ 1,030,149
	-		-		2		13	61,115
	5		-		-		-	501
	-		-		-		-	1,414
	11,044		4,866		5,123		700	42,106
	25,000		40,000		30,000		75,000	270,000
	-		-		-		-	1,171
	44,071		45,066		37,720		87,928	1,406,456
	-		-		-		-	57,398
	-		-		-		-	41,497
	-		-		-		-	98,895
	-		-		-		-	977,381
	1,350,000		325,000		330,000		-	3,685,000
	-		-		-		-	332,158
	-		-		-		-	6,782,549
	-		-		-		-	344,973
	-		-		-		-	(3,600,558)
	-		-		-		-	3,859,122
	1,350,000		325,000		330,000		-	8,620,398
	1,394,071		370,066		367,720		87,928	10,026,854
	-		-		-		-	134,677
	-		-		-		-	13,251
	-		-		-		-	35,238
	-		-		-		-	3,142
	11,044		4,866		5,124		700	42,107
	25,000		40,000		30,000		75,000	270,000
	-		-		-		-	42,262
	-		-		-		-	68,760
	36,044		44,866		35,124		75,700	609,437
	-		-		-		-	57,398
	-		-		-		-	21,497
	-		-		-		-	78,895
	1,350,000		325,000		330,000		-	3,705,000
	-		-		-		-	204,569
	1,350,000		325,000		330,000		-	3,909,569
	1,386,044		369,866		365,124		75,700	4,597,901
	-		-		-		-	3,859,122
	656		200		2,596		12,228	20,589
	7,371		-		-		-	7,371
	-		-		-		-	1,541,871
\$	8,027	\$	200	\$	2,596	\$	12,228	\$ 5,428,953

INGHAM COUNTY, MICHIGAN
Combining Statement of Revenue, Expenses,
and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2004

	Housing Commission	Homestead Property Tax Administration	Fair Board	Inmate Stores	Alaiedon Water & Sewer
Operating revenue					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 82,764
Sales	-	-	-	421,413	-
Interest	-	2,808	-	-	-
Collection fees	-	20	-	-	-
Other operating revenue	1,711,225	-	1,073,873	-	-
Total operating revenue	1,711,225	2,828	1,073,873	421,413	82,764
Operating expenses					
Administrative	326,072	1,950	999,949	355,312	-
Depreciation	137,484	-	90,782	2,598	-
Other operating expenses	669,482	-	-	-	-
Total operating expenses	1,133,038	1,950	1,090,731	357,910	-
Operating income (loss)	578,187	878	(16,858)	63,503	82,764
Non-operating revenue (expenses)					
Investment income	1,414	-	5,742	-	3
Interest and fiscal charges	-	-	-	-	(82,765)
Total non-operating revenue (expenses)	1,414	-	5,742	-	(82,762)
Income (loss) before operating transfers	579,601	878	(11,116)	63,503	2
Operating transfers					
Transfers in	-	-	124,693	-	-
Transfers (out)	-	-	(1,052)	-	-
Change in net assets	579,601	878	112,525	63,503	2
Total net assets - beginning, as restated	3,376,831	310	1,315,372	(48,027)	4,907
Total net assets - ending	\$ 3,956,432	\$ 1,188	\$ 1,427,897	\$ 15,476	\$ 4,909

Tobias-Linn Water & Sewer	Water/Sewer No.1	Water Supply No. 2	Sanitary Sewer No. 2	Totals
\$ 66,843	\$ 20,200	\$ 21,322	\$ 8,100	\$ 199,229
-	-	-	-	421,413
-	-	-	-	2,808
-	-	-	-	20
-	-	-	-	2,785,098
66,843	20,200	21,322	8,100	3,408,568
-	-	-	-	1,683,283
-	-	-	-	230,864
(7,300)	-	-	-	662,182
(7,300)	-	-	-	2,576,329
74,143	20,200	21,322	8,100	832,239
354	1	16	104	7,634
(66,568)	(20,200)	(21,322)	(8,676)	(199,531)
(66,214)	(20,199)	(21,306)	(8,572)	(191,897)
7,929	1	16	(472)	640,342
-	-	-	-	124,693
-	-	-	-	(1,052)
7,929	1	16	(472)	763,983
98	199	2,580	12,700	4,664,970
\$ 8,027	\$ 200	\$ 2,596	\$ 12,228	\$ 5,428,953

INGHAM COUNTY, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2004

	Housing Commission	Homestead Property Tax Administration	Fair Board	Inmate Stores
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 1,757,422	\$ 2,828	\$ 1,061,586	\$ 339,051
Payments to suppliers	(1,256,904)	(1)	(704,619)	(330,023)
Payments to employees	(249,386)	(1,950)	(294,302)	(23,177)
Other receipts (payments)	-	-	5,565	-
Net cash provided (used) by operating activities	251,132	877	68,230	(14,149)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES				
Intrafund loan made (repaid)	-	-	(47,278)	13,251
Transfers from other funds	-	-	121,274	-
Net cash provided by non capital financing activities	-	-	73,996	13,251
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	-	(69,802)	-
Principal paid on long-term debt	-	-	-	-
Interest paid on long-term debt	-	-	-	-
Payments received on long term capital leases	-	-	-	-
Net cash used by capital and related financing activities	-	-	(69,802)	-
CASH FLOW FROM INVESTING ACTIVITIES				
Interest and dividends received	1,414	-	5,729	-
Net cash used by investing activities	1,414	-	5,729	-
Net increase in cash and cash equivalents	252,546	877	78,153	(898)
Cash and cash equivalents, January 1	340,159	310	387,559	898
Cash and cash equivalents, December 31	\$ 592,705	\$ 1,187	\$ 465,712	\$ -
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 578,187	\$ 878	\$ (16,858)	\$ 63,503
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	137,484	-	90,782	2,598
(Increase) decrease accounts receivable	46,836	-	(5,461)	(85,545)
(Increase) decrease interest receivable	-	(1)	-	-
(Increase) decrease due from other funds	-	-	(1,401)	-
(Increase) decrease intergovernmental receivables	-	-	-	-
(Increase) decrease loans receivable	(526,107)	-	-	-
(Increase) decrease prepaid items	-	-	298	-
Increase (decrease) accounts payable	10,067	-	(38)	2,833
Increase (decrease) salaries withheld	-	-	(3,232)	(721)
Increase (decrease) other accrued liabilities	4,759	-	-	-
Increase (decrease) due to other funds	-	-	4,000	-
Increase (decrease) interest payable	-	-	-	-
Increase (decrease) current liabilities payable from restricted assets	545	-	371	-
Increase (decrease) deferred revenue	(639)	-	(231)	3,183
Total adjustments	(327,055)	(1)	85,088	(77,652)
Net cash provided (used) by operating activities..	\$ 251,132	\$ 877	\$ 68,230	\$ (14,149)

Alaiedon Water & Sewer	Tobias-Linn Water & Sewer	Water/Sewer No.1	Water Supply No. 2	Sanitary Sewer No. 2	Totals
\$ 82,765	\$ 66,843	\$ 20,200	\$ 21,322	\$ 8,100	\$ 3,360,117
-	7,300	-	-	-	(2,284,247)
-	-	-	-	-	(568,815)
-	-	-	-	-	5,565
82,765	74,143	20,200	21,322	8,100	512,620
-	-	-	-	-	(34,027)
-	-	-	-	-	121,274
-	-	-	-	-	87,247
-	-	-	-	-	(69,802)
(100,000)	(20,000)	(35,000)	(30,000)	(75,000)	(260,000)
(82,765)	(66,568)	(20,200)	(21,322)	(8,677)	(199,532)
100,000	20,000	35,000	30,000	75,000	260,000
(82,765)	(66,568)	(20,200)	(21,322)	(8,677)	(269,334)
30	350	1	16	101	7,641
30	350	1	16	101	7,641
30	7,925	1	16	(476)	338,174
4,879	97	199	2,579	12,691	749,371
\$ 4,909	\$ 8,022	\$ 200	\$ 2,595	\$ 12,215	\$ 1,087,545
\$ 82,765	\$ 74,143	\$ 20,200	\$ 21,322	\$ 8,100	\$ 832,240
-	-	-	-	-	230,864
-	-	-	-	-	(44,170)
-	-	-	-	-	(1)
-	-	-	-	-	(1,401)
1,000	(5,490)	437	430	700	(2,923)
-	-	-	-	-	(526,107)
-	-	-	-	-	298
-	-	-	-	-	12,862
-	-	-	-	-	(3,953)
-	-	-	-	-	4,759
-	-	-	-	-	4,000
(1,000)	5,490	(437)	(430)	(700)	2,923
-	-	-	-	-	916
-	-	-	-	-	2,313
-	-	-	-	-	(319,620)
\$ 82,765	\$ 74,143	\$ 20,200	\$ 21,322	\$ 8,100	\$ 512,620

INTERNAL SERVICE FUNDS

Description of Funds

INTERNAL SERVICE FUNDS

Building Authority Operating Fund -- This fund is used to record the rent collections and operating costs of several Building Authority facilities.

Data Processing -- This fund is used to account for the operations of the Data Processing Department. Funding is provided through departmental user charges, contractual agreements.

Inter-Governmental Service -- This fund is used to account for the operations of the County print shop, central stores, courier services and inmate pay telephones. Funding is provided through user service fees and sales.

Office Equipment Pool -- This fund is used to account for the purchase of office equipment in most governmental fund types. Funding is provided from user charges.

Telephone -- This fund is used to account for payment of telephone services throughout the County. Money for the operation of this fund is supplied by charges to the various funds involved.

Insurance -- This fund is used to account for the liability insurance coverage to the County and other funds within this unit of government. Money for the operation of this fund is supplied by charges to the various funds involved in the self-insurance program.

Utilities Revolving -- This fund is used to account for the budgeting and payment of various utility services throughout the County. Money for the operation of this fund is supplied by charges to the various funds involved.

Workers' Compensation -- This fund is used to record worker's compensation expenses and premium coverage from catastrophic loss. Financing for this fund is provided by departmental user contributions.

Employee Benefits -- This fund is used to account for various employee benefits which include health, dental, life, and disability insurance; future pension benefit obligations; and unemployment compensation claims. Funding for this fund is provided by revenues collected from user departments.

INGHAM COUNTY, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
December 31, 2004

	Building Authority Operations	Data Processing	Inter- Governmental Service
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 634,546	\$ 578,609	\$ 384,391
Accounts receivable	108,852	5,100	-
Accrued interest receivable	-	-	-
Due from other governments	89,232	-	-
Due from other funds	351,778	71,631	28,358
Inventories	-	-	17,487
Total current assets	<u>1,184,408</u>	<u>655,340</u>	<u>430,236</u>
Noncurrent assets:			
Restricted cash and cash equivalents	272,113	-	-
Escrow account for insurance claims	-	-	-
Total restricted assets	<u>272,113</u>	<u>-</u>	<u>-</u>
Long-term accounts receivable	<u>389,519</u>	<u>-</u>	<u>-</u>
Capital assets:			
Construction in progress	-	-	-
Machinery and equipment	569,860	1,258,055	63,184
Less accumulated depreciation	(228,758)	(873,969)	(37,307)
Total capital assets (net of accumulated depreciation)	<u>341,102</u>	<u>384,086</u>	<u>25,877</u>
Total noncurrent assets	<u>1,002,734</u>	<u>384,086</u>	<u>25,877</u>
 Total assets	 <u>2,187,142</u>	 <u>1,039,426</u>	 <u>456,113</u>
LIABILITIES			
Current liabilities:			
Accounts payable	80,660	35,575	5,346
Salaries and amounts withheld therefrom	12,370	29,313	2,106
Other accrued liabilities	-	-	-
Due to other funds	72,400	3,033	378,725
Capital leases payable - current	-	-	-
Compensated absences	35,744	71,009	7,470
Deferred revenue	-	-	-
Total current liabilities	<u>201,174</u>	<u>138,930</u>	<u>393,647</u>
Noncurrent liabilities payable from restricted assets:			
Contingent claims	-	-	-
Total noncurrent liabilities payable from restricted assets	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:			
Capital leases payable	-	-	-
Advances from other funds	418,173	-	-
Total noncurrent liabilities	<u>418,173</u>	<u>-</u>	<u>-</u>
 Total liabilities	 <u>619,347</u>	 <u>138,930</u>	 <u>393,647</u>
NET ASSETS			
Invested in capital assets net of related debt	341,102	384,086	25,877
Restricted	272,113	37,992	6,022
Unrestricted	954,580	478,418	30,567
Total net assets	<u>\$ 1,567,795</u>	<u>\$ 900,496</u>	<u>\$ 62,466</u>

Office Equipment Pool	Telephone	Insurance	Utilities Revolving	Workers' Compensation	Employee Benefits	Totals
\$ 1,794,782	\$ 141,651	\$ 1,104,361	\$ 1,136	\$ 1,756,614	\$ 2,314,746	\$ 8,710,836
2,039	1,768	-	-	232	32,217	150,208
-	-	5,271	-	6,042	2,981	14,294
-	-	-	-	-	-	89,232
32,297	9,062	-	12,000	6,086	114,837	626,049
925	444	-	-	-	-	18,856
1,830,043	152,925	1,109,632	13,136	1,768,974	2,464,781	9,609,475
-	-	-	-	-	-	272,113
-	-	693,862	-	-	91,617	785,479
-	-	693,862	-	-	91,617	1,057,592
-	-	-	-	-	-	389,519
550,156	-	-	-	-	-	550,156
3,827,622	732,360	-	-	-	7,651	6,458,732
(2,570,552)	(207,722)	-	-	-	(6,501)	(3,924,809)
1,807,226	524,638	-	-	-	1,150	3,084,079
1,807,226	524,638	693,862	-	-	92,767	4,531,190
3,637,269	677,563	1,803,494	13,136	1,768,974	2,557,548	14,140,665
53,570	13,531	-	12,650	77,767	1,797,397	2,076,496
-	389	-	-	-	4,905	49,083
-	-	1,765,689	-	-	7,611	1,773,300
-	2,272	28,246	-	28,246	118,314	631,236
-	111,592	-	-	-	-	111,592
-	1,459	-	-	-	7,221	122,903
-	-	-	-	-	4,730	4,730
53,570	129,243	1,793,935	12,650	106,013	1,940,178	4,769,340
-	-	-	-	584,132	-	584,132
-	-	-	-	584,132	-	584,132
-	326,034	-	-	-	-	326,034
-	-	-	-	-	-	418,173
-	326,034	-	-	-	-	744,207
53,570	455,277	1,793,935	12,650	690,145	1,940,178	6,097,679
1,807,226	87,012	-	-	-	1,150	2,646,453
40,291	-	-	-	1,078,829	91,617	1,526,864
1,736,182	135,274	9,559	486	-	524,603	3,869,669
\$ 3,583,699	\$ 222,286	\$ 9,559	\$ 486	\$ 1,078,829	\$ 617,370	\$ 8,042,986

INGHAM COUNTY, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2004

	Building Authority Operations	Data Processing	Inter- Governmental Service
Operating revenue			
Charges for services	\$ -	\$ 2,222,661	\$ 259,155
Sales	-	-	-
Other	4,318,391	8,247	355,022
Total operating revenue	4,318,391	2,230,908	614,177
Operating expenses			
Administrative	2,257,987	1,945,145	290,126
Fees and insurance	-	-	-
Retirement contributions	-	-	-
Current and contingent claims	-	-	-
Depreciation	37,476	215,496	9,352
Other operating expenses	-	-	-
Total operating expenses	2,295,463	2,160,641	299,478
Operating income (loss)	2,022,928	70,267	314,699
Non-operating revenue (expense)			
Interest revenue	5,397	-	-
Interest expense	-	-	-
Loss on disposal of fixed assets	-	-	-
Total nonoperating revenue (expenses)	5,397	-	-
Income (loss) before transfers	2,028,325	70,267	314,699
Transfers in	-	7,608	-
Transfers (out)	(2,269,583)	-	(378,951)
Change in net assets	(241,258)	77,875	(64,252)
Total net assets - beginning	1,809,053	822,621	126,718
Total net assets - ending	\$ 1,567,795	\$ 900,496	\$ 62,466

Office Equipment Pool	Telephone	Insurance	Utilities Revolving	Workers' Compensation	Employee Benefit Fund	Totals
\$ -	\$ 634,082	\$ 5,552	\$ 281,534	\$ -	\$ 16,051,848	\$ 19,454,832
-	660	-	-	-	-	660
475,707	-	-	-	-	-	5,157,367
475,707	634,742	5,552	281,534	-	16,051,848	24,612,859
29,701	-	-	294,933	49,761	237,919	5,105,572
-	-	837,995	-	51,346	9,229,165	10,118,506
-	-	-	-	-	5,892,106	5,892,106
-	-	598,244	-	562,752	602,566	1,763,562
465,307	78,708	-	-	-	1,245	807,584
-	461,865	64,476	-	-	16,222	542,563
495,008	540,573	1,500,715	294,933	663,859	15,979,223	24,229,893
(19,301)	94,169	(1,495,163)	(13,399)	(663,859)	72,625	382,966
-	-	65,873	-	30,288	15,340	116,898
-	(3,277)	-	-	-	-	(3,277)
(1,328)	-	-	-	-	-	(1,328)
(1,328)	(3,277)	65,873	-	30,288	15,340	112,293
(20,629)	90,892	(1,429,290)	(13,399)	(633,571)	87,965	495,259
149,248	-	-	-	27,535	8,600	192,991
(23,060)	(28,722)	-	-	-	(1,402)	(2,701,718)
105,559	62,170	(1,429,290)	(13,399)	(606,036)	95,163	(2,013,468)
3,478,140	160,116	1,438,849	13,885	1,684,865	522,207	10,056,454
\$ 3,583,699	\$ 222,286	\$ 9,559	\$ 486	\$ 1,078,829	\$ 617,370	\$ 8,042,986

INGHAM COUNTY, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2004

	Building Authority Operations	Data Processing	Inter- Governmental Service
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 4,008,355	\$ 2,387,719	\$ 586,064
Payments to suppliers	(2,294,225)	(426,828)	261,184
Payments to employees	(40,424)	(1,546,503)	(179,551)
Claims paid	-	-	-
Net cash provided (used) by operating activities	<u>1,673,706</u>	<u>414,388</u>	<u>667,697</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES			
Intrafund loan made or paid	-	-	-
Transfers from other funds	-	7,608	-
Transfers to other funds	(2,240,928)	-	(378,951)
Net cash provided (used) by noncapital financing activities	<u>(2,240,928)</u>	<u>7,608</u>	<u>(378,951)</u>
CASH FLOW FROM CAPITAL AND AND RELATED FINANCING ACTIVITIES			
Principal paid on long-term debt	-	-	-
Interest paid on long-term debt	-	-	-
Acquisition and construction of capital assets	(27,111)	(34,496)	(22,585)
Net cash used by capital and related financing activities	<u>(27,111)</u>	<u>(34,496)</u>	<u>(22,585)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest and dividends received	<u>5,397</u>	-	-
Net increase in cash and cash equivalents	(588,936)	387,500	266,161
Cash and cash equivalents, January 1	<u>1,495,595</u>	<u>191,109</u>	<u>118,230</u>
Cash and cash equivalents, December 31	<u>\$ 906,659</u>	<u>\$ 578,609</u>	<u>\$ 384,391</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 2,022,927	\$ 70,267	\$ 314,699
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	37,476	215,496	9,352
(Increase) decrease accounts receivable	16,273	(4,512)	-
(Increase) decrease due from other funds	(326,308)	161,323	(28,358)
(Increase) decrease inventories	-	-	245
(Increase) decrease prepaid items	-	-	-
Increase (decrease) accounts payable	26,069	2,581	1,028
Increase (decrease) salaries withheld	(2,948)	(35,598)	-
Increase (decrease) other accrued liabilities	-	1,853	(7,557)
Increase (decrease) due to other funds	(99,783)	2,978	378,288
Increase (decrease) current liabilities payable from restricted assets	-	-	-
Increase (decrease) deferred revenue	-	-	-
Total adjustments	<u>(349,221)</u>	<u>344,121</u>	<u>352,998</u>
Net cash provided (used) by operating activities	<u>\$ 1,673,706</u>	<u>\$ 414,388</u>	<u>\$ 667,697</u>

Office Equipment Pool	Telephone	Insurance	Utilities Revolving	Workers' Compensation	Employee Benefit Fund	Totals
\$ 578,506	\$ 736,735	\$ 20,423	\$ 269,534	\$ 1,215	\$ 16,103,047	\$ 24,691,598
(51,932)	(498,081)	(1,479,395)	(282,335)	(101,108)	(13,857,923)	(18,730,643)
-	(27,199)	-	-	-	(237,730)	(2,031,407)
-	-	(184,074)	-	(180,587)	(602,566)	(967,227)
526,574	211,455	(1,643,046)	(12,801)	(280,480)	1,404,828	2,962,321
-	(28,723)	-	-	-	-	(28,723)
126,188	-	-	-	27,534	7,198	168,528
-	-	-	-	-	-	(2,619,879)
126,188	(28,723)	-	-	27,534	7,198	(2,480,074)
-	(133,961)	-	-	-	-	(133,961)
-	(3,277)	-	-	-	-	(3,277)
(1,016,271)	(10,924)	-	-	-	-	(1,111,387)
(1,016,271)	(148,162)	-	-	-	-	(1,248,625)
-	-	65,873	-	29,286	14,891	115,447
(363,509)	34,570	(1,577,173)	(12,801)	(223,660)	1,426,917	(650,931)
2,158,291	107,081	3,375,396	13,937	1,980,274	979,446	10,419,359
\$ 1,794,782	\$ 141,651	\$ 1,798,223	\$ 1,136	\$ 1,756,614	\$ 2,406,363	\$ 9,768,428
\$ (19,301)	\$ 94,169	\$ (1,495,163)	\$ (13,399)	\$ (663,859)	\$ 72,625	\$ 382,965
465,307	78,708	-	-	-	1,245	807,584
3,358	15,269	6,496	-	(232)	(3,180)	33,472
99,441	86,723	8,375	(12,000)	1,447	52,449	43,092
-	-	-	-	-	-	245
-	-	-	-	-	283,234	283,234
(22,231)	(32,861)	(532,527)	12,598	74,352	896,053	425,062
-	(713)	-	-	-	(3,847)	(43,106)
-	-	-	-	-	(13,070)	(18,774)
-	(29,840)	(44,397)	-	(36,227)	117,389	288,408
-	-	414,170	-	344,039	-	758,209
-	-	-	-	-	1,930	1,930
545,875	117,286	(147,883)	598	383,379	1,332,203	2,579,356
\$ 526,574	\$ 211,455	\$ (1,643,046)	\$ (12,801)	\$ (280,480)	\$ 1,404,828	\$ 2,962,321

FIDUCIARY FUNDS

Description of Funds

FIDUCIARY FUNDS

Agency Funds:

Library Penal Fines -- This fund is used to account for money that is received from the courts for fines imposed as a result of State law violations.

Agency -- This fund is used to account for assets held by Ingham County acting as an agent for individuals, private organizations and other governmental units.

Payroll -- This fund is used to account for the payroll paid to County employees. The payroll is paid from this fund after reimbursement from the benefited funds where the cost of payroll is expensed. The payroll deductions accumulate in this fund until paid to the creditors of the County.

INGHAM COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Assets--Agency Funds
December 31, 2004

	Library			Totals
	Penal Fines	Agency	Payroll	
Assets				
Cash and cash equivalents	\$ 495,213	\$ 6,516,240	\$ 1,061,616	\$ 8,073,069
Accounts receivable	14,996	98,721	1,640	115,357
Accrued interest receivable	1,759	-	-	1,759
Total assets	<u>\$ 511,968</u>	<u>\$ 6,614,961</u>	<u>\$ 1,063,256</u>	<u>\$ 8,190,185</u>
Liabilities				
Deposits held	\$ -	\$ 3,660,826	\$ -	\$ 3,660,826
Undistributed receipts	511,968	-	-	511,968
Salaries and amounts withheld therefrom	-	-	240,787	240,787
Accrued pension liability	-	-	822,469	822,469
Due to other governmental units	-	2,954,135	-	2,954,135
Total liabilities	<u>\$ 511,968</u>	<u>\$ 6,614,961</u>	<u>\$ 1,063,256</u>	<u>\$ 8,190,185</u>

INGHAM COUNTY, MICHIGAN
Combining Statement of Changes
in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2004

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>Library Penal Fines</u>				
Assets				
Cash and cash equivalents	\$ 479,250	\$ 1,379,331	\$ 1,363,368	\$ 495,213
Accounts receivable	25,160	14,996	25,160	14,996
Accrued interest receivable	1,313	1,759	1,313	1,759
Total assets	\$ 505,723	\$ 1,396,086	\$ 1,389,841	\$ 511,968
Liabilities				
Undistributed receipts	\$ 505,723	\$ 934,536	\$ 928,291	\$ 511,968

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>Agency</u>				
Assets				
Cash and cash equivalents	\$ 4,609,352	\$ 215,206,570	\$ 213,299,682	\$ 6,516,240
Accounts receivable	68,798	102,183	72,260	98,721
Total assets	\$ 4,678,150	\$ 215,308,753	\$ 213,371,942	\$ 6,614,961
Liabilities				
Deposits held	\$ 2,399,398	\$ 129,723,994	\$ 128,462,566	\$ 3,660,826
Due to other governmental units	2,278,752	85,194,247	84,518,864	2,954,135
Total liabilities	\$ 4,678,150	\$ 214,918,241	\$ 212,981,430	\$ 6,614,961

Continued..

INGHAM COUNTY, MICHIGAN
Combining Statement of Changes
in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2004

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Payroll				
Assets				
Cash and cash equivalents	\$ 531,659	\$ 69,062,611	\$ 68,532,654	\$ 1,061,616
Accounts receivable	244	1,717	321	1,640
Total assets	\$ 531,903	\$ 69,064,328	\$ 68,532,975	\$ 1,063,256
Liabilities				
Salaries and amounts withheld therefrom	\$ 201,596	\$ 80,603,310	\$ 80,564,119	\$ 240,787
Accrued pension liability	330,307	4,062,835	3,570,673	822,469
Total liabilities	\$ 531,903	\$ 84,666,145	\$ 84,134,792	\$ 1,063,256

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Total - Agency Funds				
Assets				
Cash and cash equivalents	\$ 5,620,261	\$ 285,648,512	\$ 283,195,704	\$ 8,073,069
Accounts receivable	94,202	118,896	97,741	115,357
Accrued interest receivable	1,313	1,759	1,313	1,759
Total assets	\$ 5,715,776	\$ 285,769,167	\$ 283,294,758	\$ 8,190,185
Liabilities				
Deposits held	\$ 2,399,398	\$ 129,723,994	\$ 128,462,566	\$ 3,660,826
Undistributed receipts	505,723	934,536	928,291	511,968
Salaries and amounts withheld therefrom	201,596	80,603,310	80,564,119	240,787
Accrued pension liability	330,307	4,062,835	3,570,673	822,469
Due to other governmental units	2,278,752	85,194,247	84,518,864	2,954,135
Total liabilities	\$ 5,715,776	\$ 300,518,922	\$ 298,044,513	\$ 8,190,185

DRAIN COMMISSION COMPONENT UNIT

Description of Funds

DRAIN COMMISSION COMPONENT UNIT

The following funds are used to account for the Ingham County Drain Commission's Debt Service:

Special Assessment Debt

- Regular Drain --** This fund is used to account for monies accumulated for payment of principal and interest on long-term notes of the Regular Drain Construction Fund. Monies for the operation of this fund are derived from special assessments against benefiting property owners and at large assessments against local government units.
- Diehl Consolidated Drain --** This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.
- Stoner Clement Branch Drain --** This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.
- Cook and Thorburn Drain --** This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.
- Tollgate Drain --** This fund is used to account for the retirement of bonds related to the Tollgate drain construction project. Monies accounted for in this fund are provided by special assessments against Ingham County, the City of Lansing and interest on invested funds.
- Proctor Drain --** This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.
- Groesbeck Drain --** This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.
- Webberville Drain #2 --** This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.
- Williamston Drain --** This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.

DRAIN COMMISSION COMPONENT UNIT

CONTINUED

The following capital projects funds are used to account for the construction activity of the Ingham County Drain Commission:

Capital Projects

Regular Drain -- This fund is used to record construction, maintenance expenditures, and storm repair for all drains which are not accounted for in other drain capital projects funds.

Revolving Drain -- This fund is used to account for monies advanced for engineering, surveys, and other preliminary costs of new drains. Monies for the operation of this fund are supplied by an advance from the County General Fund and reimbursements from drain funds as special assessments are collected. This fund is reported as a capital project fund in accordance with guidelines issued by the State of Michigan Department of Treasury.

Drain Revolving Maintenance -- This fund is used to account for maintenance service work on established drains. Monies for the operation of this fund are supplied by interest earned on investments and reimbursement from drain funds as special assessments are collected.

GIS Study -- This fund is used to account for the development of a Geographic Information System (GIS) for the development of a comprehensive plan to manage the utilization and conservation of water and related land resources.

Diehl Consolidated Drain -- This fund is used to account for the construction and maintenance of the Diehl Consolidated Drain. Monies accounted for in this fund are provided by proceeds from the sale of bonds and interest on invested funds.

Stoner Clement Branch Drain -- This fund is used to account for the construction and maintenance of the Stoner Clement Branch Drain. Monies accounted for in this fund are provided by proceeds from the sale of bonds and interest on invested funds.

Cook and Thorburn Drain -- This fund is used to account for the construction and maintenance of the Cook and Thorburn Drain. Monies accounted for in this fund are provided by proceeds from the sale of bonds and interest on invested funds.

Groesbeck Drain -- This fund is used to account for the construction and maintenance of the Groesbeck Drain. Monies accounted for in this fund are provided by proceeds from the sale of bonds and interest on invested funds.

Williamston Drain -- This fund is used to account for the construction and maintenance of the Williamston Drain. Monies accounted for in this fund are provided by proceeds from the sale of bonds and interest on invested funds.

Lake Lansing Maintenance -- This fund is used to account for the construction/restoration and maintenance costs of the Lake Lansing Improvement Project. Monies accounted for in this fund are provided by proceeds from the sale of bonds, special assessments and interest on invested funds.

DRAIN COMMISSION COMPONENT UNIT

CONCLUDED

The following internal service fund is used to account for operations that provide services to other funds on a cost-reimbursement basis:

Internal Service

Drain Equipment Revolving Fund -- This fund is used to account for the purchase and maintenance of equipment used on various drains.

INGHAM COUNTY, MICHIGAN
Drain Commission Component Unit
Statement of Net Assets and Governmental
Funds Balance Sheet
December 31, 2004

	<u>Governmental Fund Types</u>					
	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Internal Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets						
Cash	\$ 1,641,848	\$ 3,101,736	\$ 731,959	\$ 5,475,543	\$ -	\$ 5,475,543
Special assessments receivable	15,662,539	1,140,031	-	16,802,570	-	16,802,570
Other receivables	-	66	-	66	-	66
Accrued interest receivable	2,149	10,444	-	12,593	-	12,593
Interfund receivable	-	160,747	-	160,747	(160,747)	-
Due from other funds	45,399	144,555	-	189,954	(189,954)	-
Due from other governmental units	885,074	325,598	-	1,210,672	-	1,210,672
Inventory	-	-	19,399	19,399	-	19,399
Capital assets, net:						
Assets not being depreciated	-	-	-	-	14,517,413	14,517,413
Assets being depreciated	-	-	78,084	78,084	16,839,881	16,917,965
Total assets	<u>\$ 18,237,009</u>	<u>\$ 4,883,177</u>	<u>\$ 829,442</u>	<u>\$ 23,949,628</u>	<u>31,006,593</u>	<u>54,956,221</u>
Liabilities						
Accounts payable	\$ -	\$ 258,106	\$ 47,488	\$ 305,594	-	305,594
Other accrued liabilities	-	-	-	-	109,688	109,688
Salaries and amounts withheld therefor	-	-	11,530	11,530	-	11,530
Interfund payable	-	160,747	-	160,747	(160,747)	-
Due to other funds	-	189,922	32	189,954	(189,954)	-
Due to primary government	-	-	500	500	-	500
Advances from primary government	-	377,500	-	377,500	-	377,500
Due to other governmental units	904,364	-	-	904,364	-	904,364
Notes payable:						
Special assessments	-	3,788,680	-	3,788,680	-	3,788,680
Long-term liabilities:						
Due within one year	-	-	-	-	1,060,888	1,060,888
Due in more than one year	-	-	-	-	14,441,128	14,441,128
Compensated absences	-	-	25,103	25,103	-	25,103
Deferred revenue	15,691,654	1,216,631	154,075	17,062,360	-	17,062,360
Total liabilities	<u>16,596,018</u>	<u>5,991,586</u>	<u>238,728</u>	<u>22,826,332</u>	<u>15,261,003</u>	<u>38,087,335</u>
Fund balance/net assets (deficit)						
Fund balance						
Reserved for debt service	1,640,991	-	-	1,640,991	(1,640,991)	
Unreserved (deficit)	-	(1,108,409)	590,714	(517,695)	517,695	
Total fund balance	<u>1,640,991</u>	<u>(1,108,409)</u>	<u>590,714</u>	<u>1,123,296</u>	<u>(1,123,296)</u>	
Total liabilities and fund balance	<u>\$ 18,237,009</u>	<u>\$ 4,883,177</u>	<u>\$ 829,442</u>	<u>\$ 23,949,628</u>		
Net Assets						
Invested in capital assets					12,144,682	12,144,682
Restricted for debt service					1,640,991	1,640,991
Unrestricted					3,083,213	3,083,213
Total net assets					<u>\$ 16,868,886</u>	<u>\$ 16,868,886</u>

INGHAM COUNTY, MICHIGAN
Drain Commission Component Unit
Reconciliation of Governmental Fund Balance Sheet
to Statement of Net Assets
December 31, 2004

Fund balances - governmental funds	\$ 1,123,296
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - capital assets	40,118,643
Deduct - accumulated depreciation	(8,761,349)

Long-term liabilities are not due and payable in the current period and are not reported in the funds:

Deduct - bonds payable	(15,502,016)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Deduct - accrued interest on bonds payable	<u>(109,688)</u>
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Net assets of governmental activities	<u><u>\$ 16,868,886</u></u>
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INGHAM COUNTY, MICHIGAN
Drain Commission Component Unit
Statement of Activities and Governmental Funds
Revenue, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2004

	<u>Governmental Fund Types</u>					
	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Internal Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenue						
Special assessments	\$ 1,972,210	\$ 2,461,973	\$ -	\$ 4,434,183	\$ -	\$ 4,434,183
Charges for services	-	-	873,206	873,206	(873,206)	-
Interest	13,971	115,796	-	129,767	-	129,767
Other	-	58,776	155,691	214,467	(155,691)	58,776
Total revenue	<u>1,986,181</u>	<u>2,636,545</u>	<u>1,028,897</u>	<u>5,651,623</u>	<u>(1,028,897)</u>	<u>4,622,726</u>
Expenditures/expenses						
Administrative and other operating expenses	-	-	887,618	887,618	(887,618)	-
Depreciation expense	-	-	33,630	33,630	853,374	887,004
Capital outlay	-	5,884,059	-	5,884,059	(5,011,011)	873,048
Debt service:						
Principal retirement	889,200	-	-	889,200	(889,200)	-
Interest and fiscal charges	666,656	61,217	-	727,873	(19,615)	708,258
Total expenditures	<u>1,555,856</u>	<u>5,945,276</u>	<u>921,248</u>	<u>8,422,380</u>	<u>(5,954,070)</u>	<u>2,468,310</u>
Revenue over (under) expenditures/expenses	<u>430,325</u>	<u>(3,308,731)</u>	<u>107,649</u>	<u>(2,770,757)</u>	<u>4,925,173</u>	<u>2,154,416</u>
Other financing sources (uses)						
Proceeds of note/debt issuance	-	926,016	-	926,016	(926,016)	-
Total other financing sources (uses)	<u>-</u>	<u>926,016</u>	<u>-</u>	<u>926,016</u>	<u>(926,016)</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources	<u>430,325</u>	<u>(2,382,715)</u>	<u>107,649</u>	<u>(1,844,741)</u>	<u>1,844,741</u>	<u>-</u>
Change in net assets					<u>2,154,416</u>	<u>2,154,416</u>
Fund balance/net assets, beginning of year	<u>1,210,666</u>	<u>1,274,306</u>	<u>483,065</u>	<u>2,968,037</u>	<u>11,746,433</u>	<u>14,714,470</u>
Fund balance/net assets (deficit), end of year	<u>\$ 1,640,991</u>	<u>\$ (1,108,409)</u>	<u>\$ 590,714</u>	<u>\$ 1,123,296</u>	<u>\$ 13,900,849</u>	<u>\$ 16,868,886</u>

INGHAM COUNTY, MICHIGAN
Drain Commission Component Unit
Reconciliation of Governmental Fund Revenues, Expenditures
and Changes in Fund Balance to the Statement of Activities
For the Year Ended December 31, 2004

Net change in fund balances - Governmental funds	\$ (1,844,741)
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Add - capital outlay	4,869,732
Deduct - depreciation expense	(853,374)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Deduct - proceeds from bond issuance	(926,016)
Add - principal payments on long-term bonds and other debt	889,200

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Deduct - increase in accrual for accrued interest payable	<div style="border-top: 1px solid black; border-bottom: 3px double black;">19,615</div>
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Change in net assets of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 2,154,416</div>
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INGHAM COUNTY, MICHIGAN
Drain Commission Component Unit
Statement of Cash Flows
Proprietary Fund Type - Drain Equipment Fund
For the Year Ended December 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 1,616,307
Payments to suppliers	(297,399)
Payments to employees	(615,565)
Net cash provided by operating activities	<u>703,343</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	<u>(15,737)</u>
Net cash used by capital and related financing activities	<u>(15,737)</u>

Net increase in cash and cash equivalents	687,606
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Cash and cash equivalents, January 1	<u>44,353</u>
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Cash and cash equivalents, December 31	<u><u>\$ 731,959</u></u>
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**Reconciliation of operating income to net cash provided
(used) by operating activities:**

Operating income	<u>\$ 107,649</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	33,630
(Increase) decrease accounts receivable	400
(Increase) decrease due from other funds	551,844
(Increase) decrease due from primary government	350
(Increase) decrease inventories	(3,762)
Increase (decrease) accounts payable	22,813
Increase (decrease) salaries withheld	(14,929)
Increase (decrease) due to other funds	(100)
Increase (decrease) due to primary government	500
Increase (decrease) deferred revenue	4,948
Total adjustments	<u>595,694</u>

Net cash provided by operating activities	<u><u>\$ 703,343</u></u>
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INGHAM COUNTY, MICHIGAN
Drain Commission Component Unit
Debt Service Funds
Combining Balance Sheet
December 31, 2004

	Regular Drain	Diehl Consolidated	Stoner Clement Branch	Cook and Thorburn	Tollgate Drain
Assets					
Cash and cash equivalents	\$ 133,120	\$ 188,604	\$ 94,184	\$ 214,388	\$ 151,710
Special assessments receivable	3,906,867	2,487,239	694,766	900,936	3,283,648
Accrued interest receivable	242	277	132	275	158
Due from other funds	45,399	-	-	-	-
Due from other governmental units	885,074	-	-	-	-
Total assets	<u>\$ 4,970,702</u>	<u>\$ 2,676,120</u>	<u>\$ 789,082</u>	<u>\$ 1,115,599</u>	<u>\$ 3,435,516</u>
Liabilities					
Due to other governmental units	\$ 904,364	\$ -	\$ -	\$ -	\$ -
Deferred revenue	3,939,734	2,496,581	699,660	905,966	3,250,480
Total liabilities	4,844,098	2,496,581	699,660	905,966	3,250,480
Fund balances					
Reserved for debt service	126,604	179,539	89,422	209,633	185,036
Total liabilities and fund balances	<u>\$ 4,970,702</u>	<u>\$ 2,676,120</u>	<u>\$ 789,082</u>	<u>\$ 1,115,599</u>	<u>\$ 3,435,516</u>

Proctor Drain	Groesbeck Drain	Webberville Drain #2	Williamston Drain	Total
\$ 148,376	\$ 361,789	\$ 41,996	\$ 307,681	\$ 1,641,848
-	2,255,180	289,074	1,844,829	15,662,539
163	509	54	339	2,149
-	-	-	-	45,399
-	-	-	-	885,074
<hr/>				
\$ 148,539	\$ 2,617,478	\$ 331,124	\$ 2,152,849	\$ 18,237,009
<hr/>				

\$ -	\$ -	\$ -	\$ -	\$ 904,364
-	2,263,802	290,602	1,844,829	15,691,654
<hr/>				
-	2,263,802	290,602	1,844,829	16,596,018
<hr/>				
148,539	353,676	40,522	308,020	1,640,991
<hr/>				
\$ 148,539	\$ 2,617,478	\$ 331,124	\$ 2,152,849	\$ 18,237,009
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INGHAM COUNTY, MICHIGAN
Drain Commission Component Unit
Debt Service Funds
Combining Statement of Revenue, Expenditures
and Changes in Fund Balance
For the Year Ended December 31, 2004

	Regular Drain	Diehl Consolidated	Stoner Clement Branch	Cook and Thorburn	Tollgate Drain
Revenue					
Special assessments	\$ 283,982	\$ 300,922	\$ 117,848	\$ 237,370	\$ 388,985
Interest	1,703	1,324	673	1,615	1,099
Total revenue	285,685	302,246	118,521	238,985	390,084
Expenditures					
Debt service:					
Principal retirement	144,200	40,000	-	-	220,000
Interest and fiscal charges	131,124	82,819	29,155	29,460	170,728
Total expenditures	275,324	122,819	29,155	29,460	390,728
Net change in fund balances	10,361	179,427	89,366	209,525	(644)
Fund balance, beginning of year	116,243	112	56	108	185,680
Fund balance, end of year	\$ 126,604	\$ 179,539	\$ 89,422	\$ 209,633	\$ 185,036

Proctor Drain	Groesbeck Drain	Webberville Drain #2	Williamston Drain	Total
\$ -	\$ 350,984	\$ 53,542	\$ 238,577	\$ 1,972,210
1,278	3,031	386	2,862	13,971
1,278	354,015	53,928	241,439	1,986,181
200,000	150,000	30,000	105,000	889,200
6,750	111,850	16,715	88,055	666,656
206,750	261,850	46,715	193,055	1,555,856
(205,472)	92,165	7,213	48,384	430,325
354,011	261,511	33,309	259,636	1,210,666
\$ 148,539	\$ 353,676	\$ 40,522	\$ 308,020	\$ 1,640,991

INGHAM COUNTY, MICHIGAN
Drain Commission Component Unit
Capital Projects Funds
Combining Balance Sheet
December 31, 2004

	Regular Drain	Revolving Drain	Drain Revolving Maintenance	GIS Study	Diehl Consolidated
Assets					
Cash and cash equivalents	\$ 1,594,784	\$ 147,977	\$ 141,921	\$ 2,988	\$ -
Special assessments receivable	1,140,031	-	-	-	-
Other receivables	66	-	-	-	-
Accrued interest receivable	5,966	-	467	62	-
Interfund receivable	160,747	-	-	-	-
Due from other funds	32	144,523	-	-	-
Due from other governmental units	38,413	-	-	-	287,185
Total assets	<u>\$ 2,940,039</u>	<u>\$ 292,500</u>	<u>\$ 142,388</u>	<u>\$ 3,050</u>	<u>\$ 287,185</u>
Liabilities					
Accounts payable	\$ 254,528	\$ -	\$ -	\$ -	\$ 3,578
Interfund payable	-	-	-	-	158,344
Due to other funds	189,922	-	-	-	-
Advances from primary government	-	292,500	-	85,000	-
Special assessment short-term notes payable	3,788,680	-	-	-	-
Deferred revenue	1,216,631	-	-	-	-
Total liabilities	5,449,761	292,500	-	85,000	161,922
Fund balances (deficit)					
Unreserved, undesignated	(2,509,722)	-	142,388	(81,950)	125,263
Total liabilities and fund balances	<u>\$ 2,940,039</u>	<u>\$ 292,500</u>	<u>\$ 142,388</u>	<u>\$ 3,050</u>	<u>\$ 287,185</u>

Stoner Clement Branch	Cook and Thorburn	Groesbeck Drain	Williamston Drain	Lake Lansing Maintenance	Totals
\$ 25,107	\$ -	\$ 1,014,399	\$ 172,611	\$ 1,949	\$ 3,101,736
-	-	-	-	-	1,140,031
-	-	-	-	-	66
25	-	3,336	582	6	10,444
-	-	-	-	-	160,747
-	-	-	-	-	144,555
-	-	-	-	-	325,598
\$ 25,132	\$ -	\$ 1,017,735	\$ 173,193	\$ 1,955	\$ 4,883,177
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 258,106
-	2,403	-	-	-	160,747
-	-	-	-	-	189,922
-	-	-	-	-	377,500
-	-	-	-	-	3,788,680
-	-	-	-	-	1,216,631
-	2,403	-	-	-	5,991,586
25,132	(2,403)	1,017,735	173,193	1,955	(1,108,409)
\$ 25,132	\$ -	\$ 1,017,735	\$ 173,193	\$ 1,955	\$ 4,883,177

INGHAM COUNTY, MICHIGAN
Drain Commission Component Unit
Capital Projects Funds
Combining Statement of Revenue, Expenditures
and Changes in Fund Balance
For the Year Ended December 31, 2004

	Regular Drain	Revolving Drain	Drain Revolving Maintenance	GIS Study	Diehl Consolidated
Revenue					
Special assessments	\$ 2,174,788	\$ -	\$ -	\$ -	\$ 287,185
Interest	71,843		2,490	287	21,125
Other	58,776	-	-	-	-
Total revenue	2,305,407	-	2,490	287	308,310
Expenditures					
Capital outlay	3,518,169	-	-	43,600	2,189,375
Debt service - interest and fiscal charges	61,217	-	-	-	-
Total expenditures	3,579,386	-	-	43,600	2,189,375
Revenue over (under) expenditures	(1,273,979)	-	2,490	(43,313)	(1,881,065)
Other financing sources					
Proceeds from note/debt issuance	926,016	-	-	-	-
Total other sources (uses)	926,016	-	-	-	-
Net change in fund balances	(347,963)	-	2,490	(43,313)	(1,881,065)
Fund balance (deficit), beginning of year	(2,161,759)	-	139,898	(38,637)	2,006,328
Fund balance (deficit), end of year	\$ (2,509,722)	\$ -	\$ 142,388	\$ (81,950)	\$ 125,263

Stoner Clement Branch	Cook and Thorburn	Groesbeck Drain	Williamston Drain	Lake Lansing Maintenance	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	2,461,973
155	543	16,722	2,599	32	115,796
-	-	-	-	-	58,776
155	543	16,722	2,599	32	2,636,545
(5,229)	136,320	1,814	10	-	5,884,059
-	-	-	-	-	61,217
(5,229)	136,320	1,814	10	-	5,945,276
5,384	(135,777)	14,908	2,589	32	(3,308,731)
-	-	-	-	-	926,016
-	-	-	-	-	926,016
5,384	(135,777)	14,908	2,589	32	(2,382,715)
19,748	133,374	1,002,827	170,604	1,923	1,274,306
\$ 25,132	\$ (2,403)	\$ 1,017,735	\$ 173,193	\$ 1,955	\$ (1,108,409)

STATISTICAL SECTION

Table 1
INGHAM COUNTY, MICHIGAN
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) - UNAUDITED
LAST TEN YEARS

Year	Public Safety	Judicial	Public Works	Culture & Recreation	General Government	Health	Welfare	Education	Economic Development	Capital Outlay	Debt Service	Intergovern- mental	Total
2004	\$ 29,995,061	\$ 12,023,753	\$ 2,759,841	\$ 4,597,721	\$ 19,899,064	\$ 30,742,517	\$ 13,332,997	\$ 71,805	\$ 526,534	\$ 2,811,246	\$ 4,559,459	\$ -	\$ 121,319,998
2003	27,437,183	11,552,478	2,809,368	4,581,135	17,878,884	32,454,490	11,428,712	80,221	320,648	757,890	4,326,173	-	113,627,182
2002	26,105,783	12,188,197	2,417,321	4,100,625	12,708,745	31,118,640	13,324,208	80,290	238,522	1,273,896	5,666,357	-	109,222,584
2001	24,696,404	12,451,001	2,501,948	3,815,151	12,326,925	27,629,925	13,718,492	140,798	386,038	783,351	5,176,112	4,253,313	107,879,458
2000	22,503,232	10,721,251	2,413,874	3,575,349	12,225,303	24,375,321	12,270,377	723,373	1,931,369	1,113,167	5,156,952	1,792,743	98,802,311
1999	20,781,540	10,116,640	2,360,816	3,563,638	11,803,149	22,148,615	11,403,277	1,318,247	564,394	896,648	5,100,130	-	90,057,094
1998 (3)	19,948,585	9,629,076	1,695,414	3,326,715	11,816,029	19,291,136	10,571,545	127,092	223,077	1,038,053	4,614,091	-	82,280,813
1997	19,029,079	9,369,540	1,479,658	3,145,232	10,630,639	18,592,459	9,953,881	2,148,445	271,123	1,124,898	3,830,279	-	79,575,233
1996 (2)	17,540,329	8,955,027	1,996,919	3,037,013	10,893,016	13,921,066	9,548,305	1,784,322	256,455	1,338,713	4,057,574	-	73,328,739
1995	17,040,469	8,348,030	1,598,168	2,657,139	11,199,659	16,705,955	8,951,362	1,563,765	230,162	1,106,297	3,497,770	-	72,898,776

- (1) Includes general, special revenue, and debt service funds; excludes discretely presented component units.
(2) Amounts for the Health special revenue fund are presented for nine months due to the change in the fiscal year end to September 30.
(3) County Library special revenue fund ceased during 1998 and its activities were assumed by the Capital Area District Library.

SOURCE: "Ingham County Comprehensive Annual Financial Report"

Table 2
INGHAM COUNTY, MICHIGAN
GENERAL GOVERNMENTAL REVENUE BY SOURCE (1) - UNAUDITED
LAST TEN YEARS

Year	Taxes	Licenses & Permits	Inter- govern- mental	Charges for Services	Fines & Forfeits	Interest	Other	Total
2004	\$ 67,672,210	\$ 281,608	\$ 32,151,122	\$ 20,543,194	\$ 482,258	\$ 1,980,759	\$ 4,670,364	\$127,781,515
2003	51,248,508	279,683	31,293,917	22,354,922	379,083	1,250,269	4,943,492	111,749,874
2002	45,662,613	257,247	34,476,011	17,479,435	422,270	1,771,053	5,114,982	105,183,611
2001	42,727,476	254,054	31,564,824	14,775,824	342,689	2,672,387	6,414,518	98,751,772
2000	41,737,234	227,152	30,382,034	13,861,229	366,033	3,461,895	5,542,651	95,578,228
1999	39,876,642	210,574	24,933,717	14,225,113	303,762	2,648,860	5,834,638	88,033,306
1998 (4)	38,036,187	207,507	25,563,287	10,485,199	394,405	2,578,691	4,582,391	81,847,667
1997 (3)	36,054,117	223,159	26,105,320	9,489,079	343,767	2,694,396	4,337,979	79,247,817
1996 (2)	35,215,487	209,141	22,454,787	8,826,592	352,144	2,746,648	2,127,626	71,932,425
1995	33,856,518	206,121	23,170,663	8,358,229	250,601	3,082,054	2,035,708	70,959,894

- (1) Includes general, special revenue, and debt service funds; excludes discretely presented component units beginning in 1993.
(2) Amounts for the Health special revenue fund are presented for nine months due to the change in the fiscal year end to September 30.
(3) Amount in "Other" includes proceeds from deferred asset.
(4) County Library special revenue fund ceased during 1998 and its activities were assumed by the Capital Area District Library.

SOURCE: "Ingham County Comprehensive Annual Financial Report"

Table 3
INGHAM COUNTY, MICHIGAN
PROPERTY TAXES LEVIED AND COLLECTED - UNAUDITED
LAST TEN YEARS

Tax Levied December 1,	To Fund Operations in Year	Total Taxes Levied	AS OF MARCH 1 (1)		AS OF DECEMBER 31				
			Current Taxes Collected	Percent Collected	Delinquent Taxes Collected	Total Taxes Collected	Percent Collected	Remaining Delinquent Taxes	Percent Delinquent
2003	2004	\$ 39,330,637	\$ 36,963,851	93.98%	\$ 1,368,801	\$ 38,332,652	97.46%	\$ 997,985	2.54%
2002	2003	37,615,929	35,041,908	93.16%	1,495,377	36,537,285	97.13%	1,078,644	2.87%
2001	2002	35,977,360	33,634,506	93.49%	1,367,867	35,002,373	97.29%	974,987	2.71%
2000	2001	33,581,598	31,203,958	92.92%	1,340,976	32,544,934	96.91%	1,036,664	3.09%
1999	2000	32,626,075	30,521,107	93.55%	1,357,947	31,879,054	97.71%	747,021	2.29%
1998	1999	31,189,396	29,132,282	93.40%	1,100,379	30,232,661	96.93%	956,735	3.07%
1997	1998	29,820,655	28,044,898	94.05%	893,728	28,938,626	97.04%	882,029	2.96%
1996	1997	28,469,144	26,778,441	94.06%	889,689	27,668,130	97.19%	801,014	2.81%
1995	1996	27,292,060	25,633,516	93.92%	804,533	26,438,049	96.87%	854,011	3.13%
1994	1995	26,398,089	24,760,171	93.80%	771,457	25,531,628	96.72%	866,461	3.28%
1993	1994	25,494,594	23,607,335	92.60%	981,375	24,588,710	96.45%	905,884	3.55%

(1) Property taxes are levied December 1 of the preceding year and become delinquent March 1 of the current year.

SOURCE: Ingham County Treasurer

Table 4
INGHAM COUNTY, MICHIGAN
ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY - UNAUDITED
LAST TEN YEARS

Tax Levied December 1,	To Fund Operations in Year	Real Property			Personal Property			Total Property		Ratio of Taxable to Estimated Actual Value
		Taxable Value	Estimated Actual Value		Taxable Value	Estimated Actual Value		Taxable Value	Estimated Actual Value	
2004	2005	\$ 6,261,742,099	\$ 15,875,639,726		\$ 586,121,357	\$ 1,172,574,128		\$ 6,847,863,456	\$ 17,048,213,854	40.2%
2003	2004	5,915,713,118	14,754,908,654		573,483,999	1,149,301,254		6,489,197,117	15,904,209,908	40.8%
2002	2003	5,619,964,700	13,535,418,756		580,695,289	1,164,365,204		6,200,659,989	14,699,783,960	42.2%
2001	2002	5,274,843,750	12,395,171,424		551,578,034	1,103,695,666		5,826,421,784	13,498,867,090	43.2%
2000	2001	4,912,019,682	11,258,587,480		531,758,793	1,063,682,768		5,443,778,475	12,322,270,248	44.2%
1999	2000	4,679,859,604	10,364,584,308		576,496,657	1,153,027,298		5,256,356,261	11,517,611,606	45.6%
1998	1999	4,476,617,550	9,594,750,096		549,844,065	1,099,688,130		5,026,461,615	10,694,438,226	47.0%
1997	1998	4,234,200,542	8,875,741,260		536,754,655	1,073,509,310		4,770,955,197	9,949,250,570	48.0%
1996	1997	4,031,784,377	8,360,159,646		521,115,888	1,042,231,776		4,552,900,265	9,402,391,422	48.4%
1995	1996	3,946,334,013	7,892,668,026		461,404,389	922,808,778		4,407,738,402	8,815,476,804	50.0%
1994	1995	3,743,388,734	7,486,402,942		438,656,503	877,313,006		4,182,045,237	8,363,715,948	50.0%

SOURCE: Ingham County Equalization Report

Table 5
INGHAM COUNTY, MICHIGAN
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(per \$1,000 of taxable value)
LAST TEN YEARS

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Schools	\$10.70	\$12.77	\$12.04	\$11.99	\$12.22	\$12.80	\$12.45	\$12.15	\$11.87	\$11.92
State Education Tax	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	6.00
Townships, Cities, and Villages	11.29	11.43	11.19	11.06	11.03	11.11	11.35	9.29	9.23	9.18
County Operating	6.45	6.45	6.45	6.45	6.45	6.45	6.45	6.35	6.35	6.35
Special Education	4.65	4.65	4.65	4.65	4.63	4.62	4.59	4.57	4.56	4.54
Intermediate School	0.20	0.20	0.20	0.20	0.20	0.19	0.19	0.19	0.19	0.19
Vocational Education	1.35	1.35	1.35	1.34	1.34	1.32	1.32	1.31	1.31	1.30
Community College	2.94	2.94	2.94	2.94	2.92	2.91	3.89	3.87	3.85	3.84
District Library	-	-	1.00	1.00	0.99	1.28	1.27	1.26	1.46	1.45
Airport Authority	0.24	0.24	0.20	0.19	0.17	0.16	0.17	0.11	0.50	0.47
Juvenile Justice	-	-	-	-	-	-	-	0.60	0.60	0.60
Bus System	0.98	0.98	1.38	1.38	1.37	1.37	1.39	2.20	2.19	2.18
County Transportation System	0.39	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Emergency Telephone System	0.83	0.70	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76
	\$46.02	\$48.11	\$48.56	\$48.36	\$48.48	\$49.37	\$50.23	\$49.06	\$48.27	\$49.18

Note: The years as shown are those in which the taxes were levied; collections were made the subsequent year.

SOURCES: Ingham County Treasurer

Table 6
INGHAM COUNTY, MICHIGAN
SPECIAL ASSESSMENTS
BILLED AND COLLECTED - UNAUDITED
LAST TEN YEARS

Year	Levy Year	Billed	Collected	Percent Collected	(1) Delinquent (Prepaid)
2004	2003	\$ 2,018,083	\$ 2,018,083	100.0%	\$ -
2003	2002	1,832,075	1,832,075	100.0%	-
2002	2001	1,150,655	1,150,655	100.0%	-
2001	2000	1,612,450	1,612,450	100.0%	-
2000	1999	1,522,635	1,522,635	100.0%	-
1999	1998	1,706,161	1,706,161	100.0%	-
1998	1997	2,195,549	2,195,549	100.0%	-
1997	1996	1,643,876	1,643,876	100.0%	-
1996	1995	1,655,025	1,655,025	100.0%	-
1995	1994	1,281,946	1,281,946	100.0%	-

SOURCE: Ingham County Drain Commissioner

Table 7
INGHAM COUNTY, MICHIGAN
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA - UNAUDITED
LAST TEN YEARS

Year	(1) Population	(2) Taxable Value	(3)		(4)		Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Value	Net Bonded Debt Per Capita
			Gross Bonded Debt	Less: Debt Service Fund Amounts	Less: Self- Supporting Portions				
2003	280,073	\$ 6,847,863,456	\$ 37,695,000	\$ 56,569	\$ 9,425,000	\$ 28,213,431	0.41%	100.74	
2003	282,030	6,489,197,117	41,965,000	56,190	10,580,000	31,328,810	0.48%	111.08	
2002	281,504	6,200,659,989	43,575,000	106,601	11,648,788	31,819,611	0.51%	113.03	
2001	280,562	5,826,421,784	35,355,000	116,052	11,238,158	24,000,790	0.41%	85.55	
2000	279,320	5,443,778,475	36,745,000	120,918	10,193,419	26,430,663	0.49%	94.63	
1999	285,123	5,256,356,261	39,955,000	78,781	11,080,239	28,795,980	0.55%	100.99	
1998	285,874	5,026,461,615	43,135,000	75,207	11,980,880	31,078,913	0.62%	108.72	
1997	284,089	4,770,955,197	35,200,000	163,616	12,281,175	22,755,209	0.48%	80.10	
1996	284,921	4,552,900,265	36,565,000	169,666	12,361,762	24,033,572	0.53%	84.35	
1995	284,882	4,407,738,402	29,460,000	393,967	12,513,186	16,552,847	0.38%	58.10	

(1) From Table 11

(2) From Table 4

(3) Amount does not include Special Assessment bonds and revenue bonds.

(4) Amount available for repayment of General Obligation Bonds.

Table 8
INGHAM COUNTY, MICHIGAN
COMPUTATION OF LEGAL DEBT MARGIN - UNAUDITED

<hr/> <hr/>		
State Equalized Valuation		<u>\$ 8,524,106,927</u>
Legal debt limit (10% of Taxable Value) (1)		852,410,693
Debt applicable to limitation:		
Total direct debt outstanding	\$ 64,074,000	
Less: debt with no County credit pledged	<u>(325,000)</u>	
		<u>63,749,000</u>
Legal debt margin		<u><u>\$ 788,661,693</u></u>

(1) Article VII, Paragraph II of the Constitution of the State of Michigan of 1963, as amended.

Table 9
INGHAM COUNTY, MICHIGAN
COMPUTATION OF DIRECT AND OVERLAPPING
BONDED DEBT

	(1) Net Debt <u>Outstanding</u>	Percentage Applicable to <u>Ingham County</u>	Amount Applicable to <u>Ingham County</u>
Direct			
Total direct debt outstanding	\$64,074,000	100.00%	\$ 64,074,000
Less: self-supporting and no County credit pledged debt			<u>(24,304,000)</u>
Net direct debt			<u>39,770,000</u>
Overlapping			
School Districts			484,239,209
Cities and Villages			89,054,537
Community College/Intermediate School District			42,407,053
Townships			<u>31,782,969</u>
Net overlapping debt			<u>647,483,768</u>
Total direct and overlapping debt			<u><u>\$ 687,253,768</u></u>

(1) Excludes self-supporting debt or that portion paid directly by benefiting municipalities.

SOURCE: Municipal Advisory Council of Michigan

Table 10
INGHAM COUNTY, MICHIGAN
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL
BONDED DEBT TO TOTAL GENERAL EXPENDITURES (1)
LAST TEN YEARS

<u>Year</u>	<u>Annual Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio</u>
2004	\$4,559,459	\$ 121,319,998	3.8%
2003	4,326,173	113,627,182	3.8%
2002	5,666,357	109,222,584	5.2%
2001	5,176,112	107,879,458	4.8%
2000	5,156,952	98,802,311	5.2%
1999	5,100,130	90,057,094	5.7%
1998	4,614,091	82,280,813	5.6%
1997	3,830,279	79,575,233	4.8%
1996	4,057,574	73,328,739	5.5%
1995	3,497,770	72,898,776	4.8%

(1) Includes general, special revenue, and debt service funds.

Table 11
INGHAM COUNTY, MICHIGAN
DEMOGRAPHIC STATISTICS - UNAUDITED

<u>Year</u>	<u>(a) Population</u>		<u>(b) Unemployment Rate</u>
2004	280,073	census	6.3%
2003	282,030	census	5.4%
2002	281,504	census	4.2%
2001	280,562	census	3.5%
2000	279,320	census	2.6%
1999	285,123	census	2.4%
1998	285,874	census	3.3%
1997	284,089	census	3.2%
1996	284,921	census	4.9%
1995	284,882	census	4.9%
1994	285,978	census	5.0%

<u>Year</u>	<u>(a) Population</u>	<u>(a) Median Age</u>	<u>(a) Per Capita Income</u>
2000	279,320	30.4 years	\$ 21,079
1990	281,912	27.8 years	13,740
1980	275,520	25.5 years	12,583
1970	261,039	23.5 years	10,719
1960	211,296	25.5 years	7,954
1950	172,941	27.2 years	n/a
1940	130,616	28.7 years	n/a
1930	116,538	27.2 years	n/a

SOURCES:

(a) U.S. Bureau of the Census

(b) Michigan Department of Labor and Economic Growth

n/a - not available.

Table 12
INGHAM COUNTY, MICHIGAN
PROPERTY VALUE AND CONSTRUCTION
LAST TEN YEARS

<u>Year</u>	<u>Residential Construction</u>	
	<u>Number of units</u>	<u>Value</u>
2004	814	\$ 128,533,127
2003	758	136,732,480
2002	695	109,163,366
2001	627	89,229,604
2000	695	99,501,082
1999	554	86,239,131
1998	575	72,816,836
1997	556	73,341,125
1996	488	65,775,280
1995	751	92,109,908
1994	745	88,140,910

EQUALIZED PROPERTY VALUES BY USE

<u>Year</u>	<u>Agriculture</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Residential</u>	<u>Development</u>	<u>Personal</u>
2004	\$404,972,248	\$1,998,244,275	\$168,792,430	\$5,354,028,810	\$11,782,100	\$586,287,074
2003	359,293,990	1,905,811,777	165,634,430	4,936,259,030	10,455,100	574,650,627
2002	315,840,922	1,773,997,520	153,252,687	4,519,165,149	5,453,100	582,182,602
2001	272,504,023	1,632,819,280	146,966,780	4,137,157,009	8,138,620	551,847,833
2000	219,659,063	1,426,260,228	138,489,692	3,837,722,999	7,161,758	531,841,384
1999	166,858,335	1,294,944,776	142,603,157	3,574,286,987	3,598,899	576,513,649
1998	144,604,408	1,184,184,722	152,338,315	3,311,772,800	4,474,803	549,844,065
1997	131,125,838	1,093,605,510	139,688,391	3,070,081,228	3,369,663	536,754,655
1996	126,548,285	1,038,826,837	132,852,069	2,873,388,151	4,384,962	521,115,888
1995	123,827,689	988,806,354	121,641,574	2,709,450,724	2,607,672	461,404,389
1994	125,047,687	927,645,639	117,216,475	2,571,031,170	2,260,500	438,656,503
1993	121,820,209	897,011,909	115,192,359	2,472,304,760	2,106,150	427,015,958

SOURCES Construction Statistics Division, U.S. Bureau of the Census
Ingham County Equalization Report

n/a - not available

Table 13
INGHAM COUNTY, MICHIGAN
PRINCIPAL TAXPAYERS - UNAUDITED

Taxpayer	2004 Taxable Value	% of Total Taxable Value
General Motors Corporation	\$ 201,236,480	43.16%
Consumers Energy	61,964,992	13.29%
Eyde Companies	40,474,739	8.68%
Jackson National Life	30,636,080	6.57%
525 Redevco Inc.	25,976,200	5.57%
Meridian Mall LTD Partnership	24,819,058	5.32%
Meijer, Inc.	24,709,576	5.30%
Dart Container Corporation	22,890,565	4.91%
MEIP Borrower	16,435,900	3.52%
Capital Outlook LLC	17,123,498	3.67%
	<u><u>\$ 466,267,088</u></u>	<u><u>100.00%</u></u>

Properties subject to Commercial and Industrial Facilities Tax have been included in the above amounts at 50% of taxable value and are summarized as follows:

General Motors Corporation	\$ 58,989,150
Dart Container Corporation	1,003,332

SOURCE: Ingham County Equalization Department

Table 14
INGHAM COUNTY, MICHIGAN
MISCELLANEOUS STATISTICS
(Page 1 of 2)

LOCATION AND AREA: Ingham County, 576 square miles, is located in the south central portion of Michigan's lower peninsula. Lansing, the State Capitol of Michigan, represents over one-half of the County's property valuation and is the largest retail center in the area. Several large industrial firms are located within the County with manufacturing, government and educational occupations representing the major employment sources. Also of importance is the agricultural field with dairy, livestock and general farming. Michigan State University, in the City of East Lansing, is one of the largest universities in the country with enrollment in excess of 40,000.

MILES OF COUNTY MAINTAINED ROADS (1):

Primary - 430.1 miles
 Local Non-Subdivision - 457.71 miles paved and 95.39 miles gravel
 Local Subdivision - 252.43 miles paved and 4.06 miles gravel
 Bridges - 32 primary and 36 local

POLICE PROTECTION PROVIDED BY THE COUNTY (2):

Jail - 665 inmate capacity with 6 holding/observation cells
 Vehicular patrol units - 45 automobiles, 7 paramedic vehicles and 2 powerboats
 Number of employees - 224

COUNTY PROVIDED RECREATIONAL FACILITIES (3):

1,400 acres of park land	3 cross-country skiing areas
3 beaches	(with lodges and rentals)
1 boat launch	4 softball fields
4 canoe landings	21 miles of trails
15 picnic areas	3 boat rentals
2 sledding hills	1 canoe rental
2 toboggan runs	9 soccer fields

Other park facilities include basketball and volleyball courts, ball diamonds, horseshoe pits and playgrounds.

MAJOR EMPLOYERS:	<u>Product/Service</u>	<u>Number of Employees</u>
General Motors Corporation	Automobiles	16,000
State of Michigan	Government	13,517
Michigan State University	Higher education	12,200
Sparrow Hospital	Health care	6,000
Meijer, Inc.	Retail and warehousing	3,800
Lansing School District	Education	3,500
Ingham Regional Medical Center	Health care	2,800
Lansing Community College	Higher education	2,474
U.S. Postal Service	Government	1,300
City of Lansing	Government	1,295

- (1) Does not include roads maintained by other governmental units.
 (2) Does not include police protection maintained by other governmental units.
 (3) Does not include recreational facilities maintained by other governmental units.

SOURCES: Ingham Intermediate School District
 Ingham County Road Commission
 Ingham County Parks

Table 14
INGHAM COUNTY, MICHIGAN
MISCELLANEOUS STATISTICS
(Page 2 of 2)

PRIMARY AND SECONDARY EDUCATION:

Number of students:

Public:	
Kindergarten - Grade 6	23,100
Grades 7-12	20,646
Special Education	2,771
Other	309
Charter Schools	1,948

Number of schools:

High Schools	15
Junior High Schools	1
Middle Schools	18
Elementary Schools	63
Alternative Schools	13
Private Schools	21
Charter Schools	8

POST-SECONDARY EDUCATION:

Colleges and Universities:

Cooley Law School
Great Lakes Christian College
Lansing Community College
Michigan State University

Other degree granting schools:

Central Michigan University;
Master of Science in Administration
Northwood University
Bachelor of Business Administration
Master of Business Administration
Spring Arbor University
Masters in Management Programs
University of Michigan;
Masters in Education
Western Michigan University;
Masters in Public Administration
Post-Masters Certificate in
Alcohol and Substance Abuse
Doctor of Public Administration
Applied Liberal Studies
Health Studies

Non-accredited schools within Ingham County:

Davenport Business University
Holloway's Real Estate Institute
Lansing Computer Institute
Ross Medical Education Center

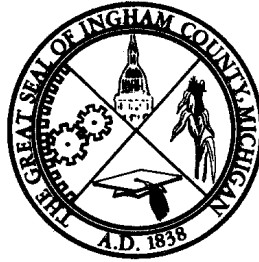
Table 15
INGHAM COUNTY, MICHIGAN
SALARIES AND SURETY BONDS OF
PRINCIPAL OFFICIALS - UNAUDITED

<u>Name and Title of Principal Official</u>	<u>Annual Salary</u>	<u>(1) Amount of Surety Bond</u>
Eric Schertzing, County Treasurer	\$ 82,309	\$ 100,000
Mike Bryanton, County Clerk	76,395	20,000
Paula Johnson, Register of Deeds	71,411	10,000
Patrick Lindemann, Drain Commissioner	71,411	50,000
Gene Wriggelsworth, Sheriff	103,037	10,000
Stuart Dunnings III, Prosecuting Attorney	110,014	-

(1) In addition to individual surety bonds in these amounts as required by State law, all County employees, including these officials, are covered by a \$1,000,000 blanket bond.

SOURCE: Ingham County Board of Commissioner's Resolution

INGHAM COUNTY, MICHIGAN



SINGLE AUDIT ACT COMPLIANCE

**For The Year Ended
December 31, 2004**



REHMANN ROBSON

Certified Public Accountants

**INGHAM COUNTY, MICHIGAN
SINGLE AUDIT**

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INGHAM COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2004

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<u>Direct Program:</u>			
Food Distribution			
Entitlement commodities	10.550		\$ 4,755
Bonus commodities	10.550		<u>1,162</u>
Total Direct Program			<u>5,917</u>
<u>Passed-Through the Michigan Department of Education:</u>			
School Breakfast Program	10.553		12,824
National School Lunch Program			
Section 4	10.555		2,030
Section 11	10.555		<u>17,580</u>
Total passed-through Michigan Department of Education			<u>32,434</u>
<u>Passed-Through the Michigan Department of Community Health:</u>			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557		<u>694,219</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>732,570</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<u>Direct Programs:</u>			
Low Income Housing Assistance Program -			
Operating Subsidy	14.850		87,317
Public Housing - Comprehensive Improvement			
Assistance Program:			
Modernization Grant	14.852		221,960
Section 8 Rental Voucher Program	14.855	MI-168-VO-0001	<u>484,505</u>
Total Direct Programs			<u>793,782</u>
<u>Passed-Through the Michigan Economic Development Corporation:</u>			
CDBG--Neogen Corporation Loan Project	14.228	MSC 203031-EDIL	<u>294,394</u>

INGHAM COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2004

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>Passed-Through the Michigan State Housing Development Authority:</u>			
Community Development Block Grants	14.228	MSC 2002-0552-HO	\$ 410,400
Community Development Block Grants	14.228	MSC 2002-0552-HOA	271,383
Total Passed-Through the Michigan State Housing Development Authority			681,783
<u>Passed-Through the Michigan Department of Community Health:</u>			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		90,000
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			1,859,959
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<u>Direct Programs:</u>			
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program:			
Domestic Assault Response Team	16.590	2002-WE-BX-0700	257,099
Local Law Enforcement Block Grant	16.592	2002-LB-BX-0470	16,602
Gun Violence Prosecution Program	16.609	2001-GP-CX-0061	40,670
2002 COPS More Grant	16.710		60,924
Total Direct Programs			375,295
<u>Passed-Through Michigan Crime Victim Services Commission:</u>			
Victims of Crime Act	16.575	20636-6V02	51,006
<u>Passed-Through the Michigan Office of Drug Control Policy and/or the City of Lansing:</u>			
Byrne Formula Grant Program - Special Prosecution Unit	16.579	70901-4-03-B	88,598
Sobriety Drug Court	16.579		45,544
Total Passed-Through the Michigan Office of Drug Control Policy			134,142

INGHAM COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2004

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>Passed-Through the Michigan Department of Human Services</u>			
Juvenile Justice and Delinquency Prevention: Comprehensive Strategy	16.540	JJCSI 33001	\$ 37,912
Title V: Delinquency Prevention Program	16.548	DP 33001	97,705
Total Passed-Through the Michigan Department of Human Services			<u>135,617</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>696,060</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<u>Passed-through Michigan Office of Highway Safety Planning -</u>			
State and Community Highway Safety	20.600		8,723
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		<u>5,854</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>14,577</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
<u>Passed-Through Michigan Department of Environmental Quality:</u>			
State Indoor Radon Grants	66.032		3,750
Operator Cert	66.471		<u>3,800</u>
TOTAL ENVIRONMENTAL PROTECTION AGENCY			<u>7,550</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
<u>Direct Programs:</u>			
Project Impact (Extension)	97.000		<u>214,581</u>

INGHAM COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2004

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>Passed-Through the Michigan Department of State Police:</u>			
State Domestic Preparedness Equipment Grant	97.004		\$ 97,945
State Homeland Security Exercise Grant	97.004		15,717
Part II First Responder Training Grant	97.004		27,835
Part II Solution Area Planner Grant	97.004		9,810
Emergency Management--2003 Power Outage	97.036	FEMA-3189-EM	1,090
Hazard Mitigation Grant	97.039		77,911
Emergency Management Performance Grants	97.042		27,369
Total Passed-Through the Michigan Department of State Police			<u>257,677</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>472,258</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<u>Direct Programs:</u>			
Health Center Grants for Homeless Populations	93.151	6 H80 CS 00030-02-01	143,250
Community Access Program	93.252		<u>333,888</u>
Total Direct Programs			<u>477,138</u>
<u>Passed-Through the Michigan Department of Career Development and Capital Area Michigan Works</u>			
Temporary Assistance for Needy Families (Reed Act supplement)	93.558		<u>34,928</u>
<u>Passed-Through Capital Area Community Services</u>			
Early On	93.600		<u>81,629</u>

INGHAM COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2004

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>Passed-Through the Michigan Department of Community Health:</u>			
Tuberculosis Control Programs	93.116		\$ 30,150
Childhood Lead Poisoning Prevention Projects	93.197		40,000
Family Planning - Services	93.217		352,208
Family Planning - Joint Demo Project	93.217		5,000
Childhood Immunization Grants	93.268		127,613
Immunization Grants--Value of Vaccines Provided	93.268		875,312
Bioterrorism	93.283		167,808
Public Health Preparedness	93.283		208,626
West Nile Virus	93.283		5,000
Wisewoman	93.283		24,275
Medical Assistance Program (Medicaid)	93.778		693,539
Breast and Cervical Cancer Control Program	93.919		350,056
HIV Prevention Program -			
HIV/AIDS Counseling and Testing	93.940		161,530
Preventative Health and Health Services Block Grant	93.991		49,763
Maternal and Child Health Services Block Grant	93.994		353,925
Adolescent Family Life: Demonstration Projects	93.995		144,025
Total Passed-Through the Michigan Department of Community Health			<u>3,588,830</u>
<u>Passed-Through the Michigan Department of Human Services:</u>			
Temporary Assistance for Needy Families	93.558	CTFPR 03-33001	263,925
Family Support Payments to States	93.560		547,060
Child Support Enforcement:			
Friend of Court	93.563	CS/FOC-33001	2,604,786
Prosecuting Attorney	93.563	CS/PA-33002	521,420
Medical Support Payments	93.563		155,554
Refugee Medical Assistance	93.566	RA 02-33001	259,675
Matching Funds of the Child Care and Development Fund	93.596		628,165
Total Passed-Through the Michigan Department of Human Services			<u>4,980,585</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>9,163,110</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 12,946,084</u></u>

INGHAM COUNTY, MICHIGAN

Notes To Schedule Of Expenditures Of Federal Awards

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Ingham County, Michigan (the "County") and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

* * * * *



REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**

 an independent member of
BAKER TILLY
INTERNATIONAL

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

August 12, 2005

To the Board of Commissioners
of Ingham County
Mason, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **INGHAM COUNTY, MICHIGAN** as of and for the year ended December 31, 2004, and have issued our report thereon dated August 12, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Ingham County, Michigan's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of **Ingham County, Michigan** in a separate letter dated August 12, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Ingham County, Michigan's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of *Ingham County* in a separate letter dated August 12, 2005.

This report is intended solely for the information and use of management, others within the organization, the Board of Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Lobson". The signature is written in a cursive, flowing style.



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

August 12, 2005

To the Board of Commissioners
of Ingham County
Mason, Michigan

Compliance

We have audited the compliance of ***Ingham County, Michigan*** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. ***Ingham County, Michigan's*** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of ***Ingham County, Michigan's*** management. Our responsibility is to express an opinion on ***Ingham County, Michigan's*** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ***Ingham County, Michigan's*** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on ***Ingham County, Michigan's*** compliance with those requirements.

In our opinion, *Ingham County, Michigan*, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of *Ingham County, Michigan* is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered *Ingham County, Michigan's* internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Ingham County, Michigan* as of and for the year ended December 31, 2004, and have issued our report thereon dated August 12, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Ingham County's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, others within the organization, the Board of Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Lobson". The signature is written in a cursive, flowing style.

INGHAM COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2004

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Reportable condition(s) identified
not considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to financial statements
noted?

_____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

_____ yes X no

Reportable condition(s) identified
not considered to be material weaknesses?

_____ yes X none reported

Type of auditors' report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)?

_____ yes X no

INGHAM COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended December 31, 2004

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
14.228	Community Development Block Grants
93.283	Centers for Disease Control & Prevention - Investigations and Technical Assistance
93.560	Family Support Payments to States
93.563	Child Support Enforcement
93.596	Matching Funds of the Child Care and Development Fund
93.778	Medical Assistance Program (Medicaid)

Dollar threshold used to distinguish
between Type A and Type B programs:

\$388,383

Auditee qualified as low-risk auditee?

X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV – PRIOR YEAR FINDINGS

None.



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



August 12, 2005

To the Board of Commissioners of
Ingham County
Mason, Michigan

We have audited the financial statements of Ingham County for the year ended December 31, 2004, and have issued our report thereon dated August 12, 2005. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated January 12, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Ingham County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Ingham County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Ingham County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Ingham County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Ingham County's compliance with those requirements.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by Ingham County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Ingham County during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives of those assets in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the liability for uninsured risks of loss, including incurred but not reported claims, which are accounted for in certain of the County's internal service funds and for which the County utilizes the services of an independent third-party risk management consultant to estimate the liability. We relied upon the work of the third-party expert in determining that the liability is reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Ingham County's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by Ingham County, either individually or in the aggregate, indicate matters that could have a significant effect on Ingham County's financial reporting process.

In addition, the attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Ingham County’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

This letter and the accompanying memorandum are intended for the use of the Board of Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large, prominent 'L' and 'J'.

Ingham County
Comments and Recommendations
For the Year Ended December 31, 2004

During our audit we became aware of certain issues regarding internal control and financial reporting. This memorandum summarizes our comments and suggestions regarding these matters. This memorandum does not affect our report dated August 12, 2005 on the financial statements of Ingham County.

Preparation of the Financial Statements and Condition of Supporting Schedules

Audit fieldwork for the current year's audit extended two months past the State's deadline for the issuance of the County's financial statements. While certain extenuating circumstances (including the loss of one experienced accountant and the implementation of the County's new accounting system) contributed to the need for an extension, the overall condition of the financial records was not conducive to the timely preparation of the financial statements and supporting audit documentation. Significant time was required of audit staff to assist the County in correcting the financial statements, including time spent adjusting schedules linking the governmental fund financial statements to the government-wide financial statements, and having the statements in agreement with related schedules and footnotes.

Documents and schedules that were prepared by staff were submitted to the auditors without management review. In many instances this resulted in incomplete or inaccurate schedules that required extensive revision. For example, the fixed asset schedules and supporting documentation were given to the audit staff in purportedly "final" condition; however, several adjustments needed to be made and multiple revisions were required in order for proper financial statement presentation. Many of these initial corrections could have been discovered and corrected had management reviewed the documents prior to submission to the audit staff. While some of the corrections came near the end of the audit in conjunction with the final preparation of the government-wide financial statements, this was unavoidable due to the piece-meal fashion in which the statements were prepared. The audit staff spent a significant amount of time and effort working with the County's staff to get schedules in audit-ready condition.

At a minimum, we recommend that management review schedules and leadsheets prepared by the staff and complete any initial revisions prior to submission to the audit staff. We believe that a complete overhaul of the year-end closing and audit schedule preparation processes is necessary. We are willing to have a meeting to discuss these matters further.

Internal Controls – Segregation of Duties

Management is responsible for establishing and maintaining effective internal control over financial reporting and the safeguarding of the County's assets. In establishing appropriate internal controls, careful consideration must be given to the cost of a particular control and the related benefits to be received. Accordingly, management must make the difficult decision of what degree of risk it is willing to accept, given the government's unique circumstances.

Ingham County

Comments and Recommendations (Continued)

For the Year Ended December 31, 2004

As is the case with many organizations of similar size, the County lacks a sufficient number of accounting personnel in order to ensure a complete segregation of duties within its accounting function. Ideally, no single individual should ever be able to authorize a transaction, record the transaction in the accounting records, and maintain custody of the assets resulting from the transaction. Essentially, proper segregation of duties is intended to prevent an individual from committing an act of fraud or abuse and being able to conceal it.

Events of recent years have given rise to a heightened awareness of the risks of fraud and abuse, especially in the governmental environment, where public accountability is at its highest. The purpose of internal controls is to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are properly authorized and recorded. Any limitations on the effectiveness of a government's internal controls carries with it a greater risk of fraud and abuse.

As stated previously, the establishing and maintaining of internal controls is the responsibility of management. As the County's independent external auditors, we are specifically banned by professional standards from performing any management functions. In other words, the annual audit is not a part of the County's internal control structure, and cannot not be relied upon as part of *management's* systems to deter or detect fraud and abuse.

While there are, of course, no easy answers to the challenge of balancing the costs and benefits of internal controls and the segregation of duties, we would nevertheless encourage management to actively seek ways to further strengthen its internal control structure by requiring as much independent review, reconciliation, and approval of accounting functions by qualified members of management as possible.

Controls over Depository and Off-Books Cash Accounts

The County has several depository and "off-book" accounts for which activity is not recorded on the County's general ledger. For depository accounts, revenue deposited into the bank is recorded through departmental transmittals, which are periodically sent by check to the Treasurer's office for deposit into the pooled cash accounts. "Off-book" accounts are never recorded on the general ledger of the County, but the balances are summarized at year-end and added into the Trust and Agency Fund for presentation on the financial statements.

During our audit, we examined the bank reconciliations for both the depository cash accounts and "off-book" accounts. In several instances, we noted amounts, which were being held in these accounts that had not been transmitted or distributed to the County or other entities in a timely fashion. In addition, certain accounts had "unreconciled" differences that could not be explained by personnel. These issues lead to potential misstatements of financial statements and increased risks of fraud. We recommend that the County immediately commit necessary personnel to perform reconciliations in a timely manner assuring that all funds received by the County are properly recorded and distributed in required timeframes. In addition, we recommend that the activity of all accounts held by the County be recorded on the general ledger so that the County's financial statements properly agree to the underlying financial reporting system.

Ingham County

Comments and Recommendations (Concluded)

For the Year Ended December 31, 2004

Reconciliation of Agency Fund Accounts

In connection with our audit, we requested County management to provide reconciliations and supporting documentation for the balances of trust and agency fund accounts. However, management was unable to provide reconciliations and/or supporting documentation for several accounts. In addition, certain accounts were not reconciled until management was requested to provide such reconciliations by audit staff. The timely reconciliation of accounts is essential to mitigate risks of fraud and financial statement misstatement.

Reserve Status – Drain Equipment Revolving Fund

The ending net asset balance at December 31, 2004 was \$590,714, an increase of \$107,649 over the prior year. As we noted in the prior year, the increase in net assets again appears to be the result of salary reimbursements from other funds in excess of salary and benefits expenses. We again recommend that the Drain Office reevaluate these rates for future periods.

New Accounting Pronouncements

Beginning with the fiscal year ended December 31, 2005, the County will be required to comply with the requirements of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This will significantly increase the level of disclosure required for the County's deposits and investments. We will provide management with templates to assist in the aggregation of the data required for this new standard and would encourage the County to begin working to gather that data in advance of year end.

Beginning with the fiscal years ended December 31, 2006 and 2007, the County will be required to comply with the requirements of GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. These new standards require governments to recognize the cost of postemployment healthcare and other benefits following actuarial methods similar to its pension accounts. The new standards could have a significant impact on the financial position of the County as it is not currently advance funding these benefits.

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